

2012 Freelance Industry Report

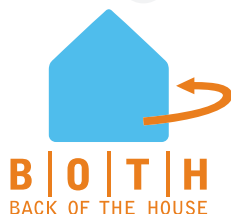
Data and Analysis of Freelancer Demographics, Earnings, Habits and Attitudes

By Ed Gandia

August 2012



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Letter From the Author

Fellow freelancer,

According to a May 2012 Aberdeen Group report, in the U.S. alone nearly 26% of the average organization's total workforce is considered contingent or contract based, and their numbers continue to grow rapidly.¹ In fact, labor law firm Littler Midelson predicts that contingent labor could rise to *as much as 30% to 50% of the entire U.S. workforce over the next few years.*² And the growth estimates are even higher in many other countries.

Yet despite the meteoric growth in freelancing and self-employment over the past decade, there is very little published information about who we are as freelancers, what we do, how we land work, what we earn and why we do what we do.

Politicians and the mainstream media seem to *completely overlook* this segment of the workforce! When addressing the needs of small businesses, most discussions center on traditional brick-and-mortar operations, and freelancers and other self-employed service providers are ignored, forgotten or dismissed.

It's time to change this trend. In fact, my hope for this report is twofold. First, I hope it will help educate policy makers, the media and the business community about the freelance segment of the economy. I believe the information and analysis contained here will help dispel some of the common myths about who we are, what we offer, how committed we are to our work, how we earn a living, how we contribute to the economy and what challenges we face every day.

Second, I hope this report will serve as an insightful and valuable guide to freelancers and self-employed service providers everywhere. Nearly 1,500 of your colleagues provided a great deal of information about their businesses and practices. It's information you won't find anywhere else.

So I hope you enjoy it! **And if you find it valuable, please let your peers know about this report.** They can download their own free copy here:

<http://www.internationalfreelancersday.com/2012report>

It's completely free. And there's **no registration** required.

To your success,

Ed Gandia
Co-founder, International Freelancers Day
www.InternationalFreelancersDay.com

¹ Dwyer, C. "Contingent Workforce Management: The Next-Generation Guidebook to Managing the Modern Contingent Workforce Umbrella." Aberdeen Group. May 1, 2012. <http://www.aberdeen.com/Aberdeen-Library/7709/RA-contingent-workforce-management.aspx>

² Speizer, Irwin. "Special Report on Contingent Staffing: The Future of Contingent Staffing Could Be Like Something Out of a Movie." *Workforce* magazine. Updated September 7, 2011. <http://www.workforce.com/article/20091125/TOOLS/311259991>

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Executive Summary

This study surveyed 1,491 freelancers in more than 50 different fields and professions. The goal was to better understand who freelancers really are; what they do; whom they work for; what they charge for their services; how they attract clients; what their attitudes are toward their work, their clients and self-employment in general; and what challenges they face.

On the following pages you'll discover:

- The most common professions for freelance work.
- Key demographics such as age, gender, location, experience and work status.
- The biggest challenges freelancers face and how those challenges differ by profession, location, experience and other factors.
- Attitudes toward freelancing, self-employment, running a solo business and the economy, as well as freelancers' business outlook for the next 12 months.
- Income trends, hourly rates, billable time, how different freelancers price their services and structure their fees, and the impact of the economic downturn on those fees and rates.
- Lifestyle choices, including average number of hours worked, the importance of free time and flexibility, and attitudes toward reentering the traditional workforce.
- How freelancers attract clients today, how much time they spend promoting their services and what marketing strategies they're planning to implement over the next year.
- An analysis of displaced workers who have given up their job search in favor of the freelance path: what challenges they face, how they feel about self-employment, their lifestyle changes and their likelihood to remain self-employed.

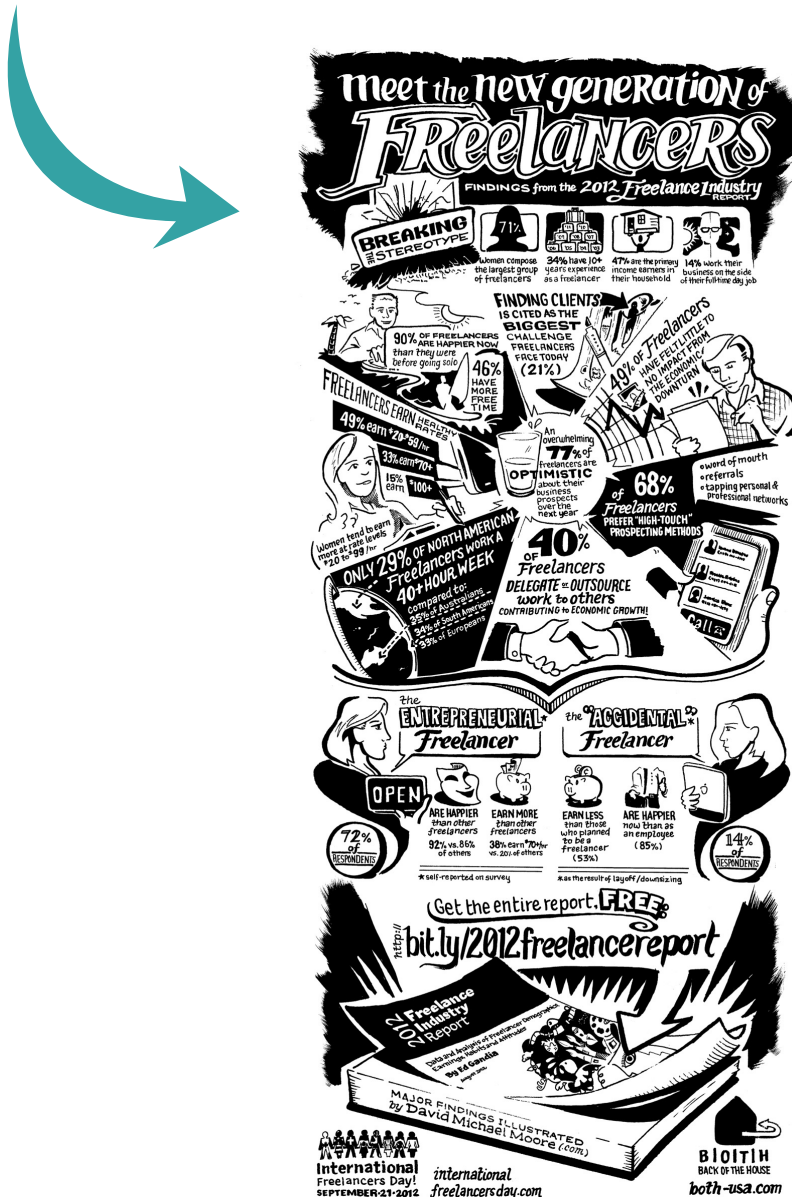
How to use this report: Regardless of your freelance profession, experience or nationality, there's something here for you. Much of the analysis drills down into the data to find differences and trends within professions, global regions, experience, age, gender and work status. So make sure to use the information to compare yourself against others in the same profession or location or at the same experience level. You'll undoubtedly find some fascinating statistics and trends.

If you're involved in any level of government or are a member of the media, you're likely to walk away with a much better understanding of who these self-employed professionals really are. You'll learn more about their true challenges, what they value—and why they do what they do with such passion.



Major Findings

Click on the image below to view a full-size illustrated infographic summarizing this year's key findings.



This summary is just a glimpse of what's contained in this report. On the following pages you'll find more than 80 charts and graphs, as well as some fascinating analysis on the state of freelancing today.

Introducing the 3rd annual
International Freelancers Day!

The biggest-ever FREE online conference for solo professionals



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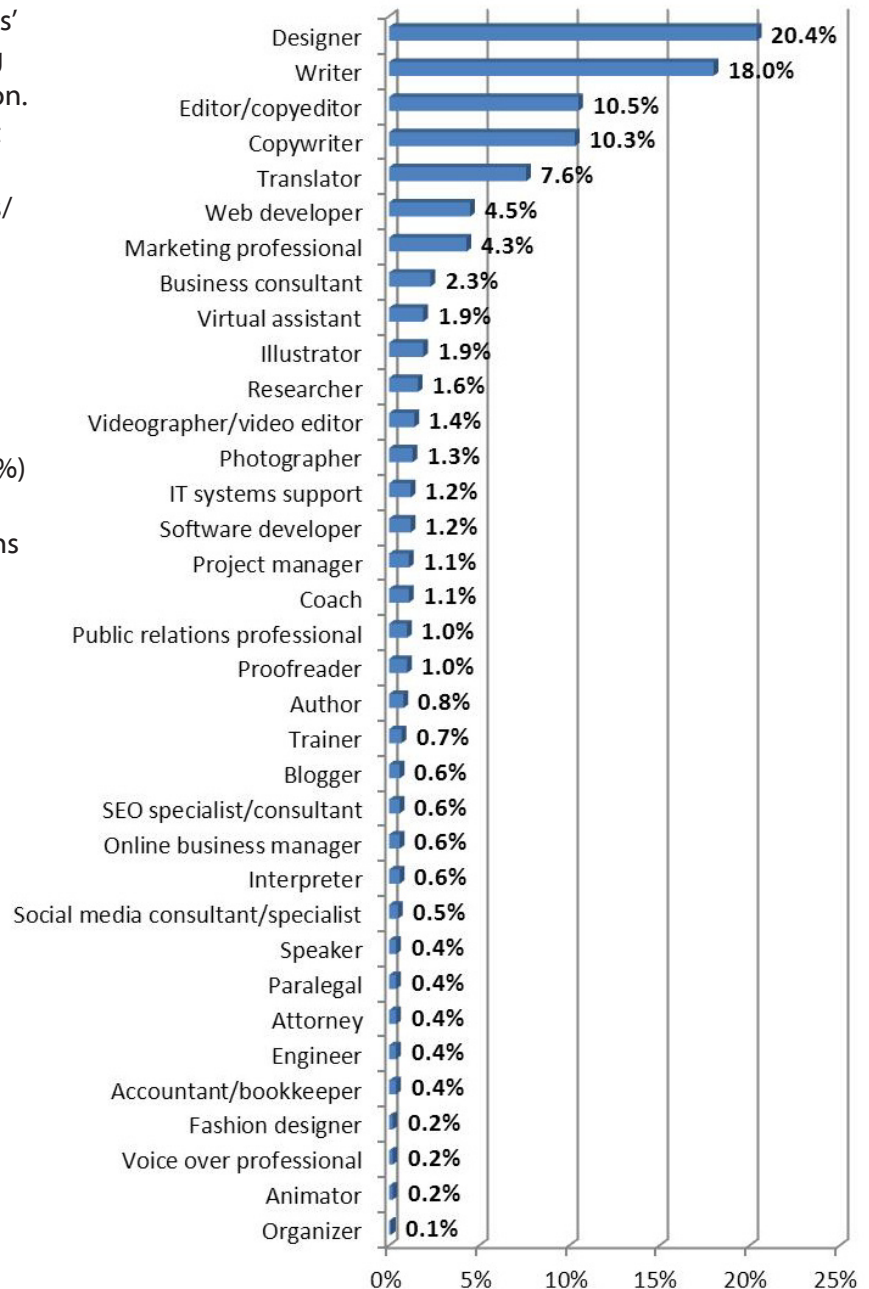


Who Are Freelancers—and What Do They Do?

Profession

We asked several questions to determine the survey participants' makeup, and we began by asking participants about their profession. Designers comprised the biggest professional category (20%), followed by writers (18%), editors/copyeditors (11%), copywriters (10%), translators (8%) and web developers (5%).³

Marketing professionals (4%), business consultants (2%), virtual assistants (2%) and illustrators (2%) rounded out the top 10. All in all, more than 50 different professions were represented—everything from photography to project management, search engine optimization (SEO) consulting, bookkeeping, engineering and public relations.⁴



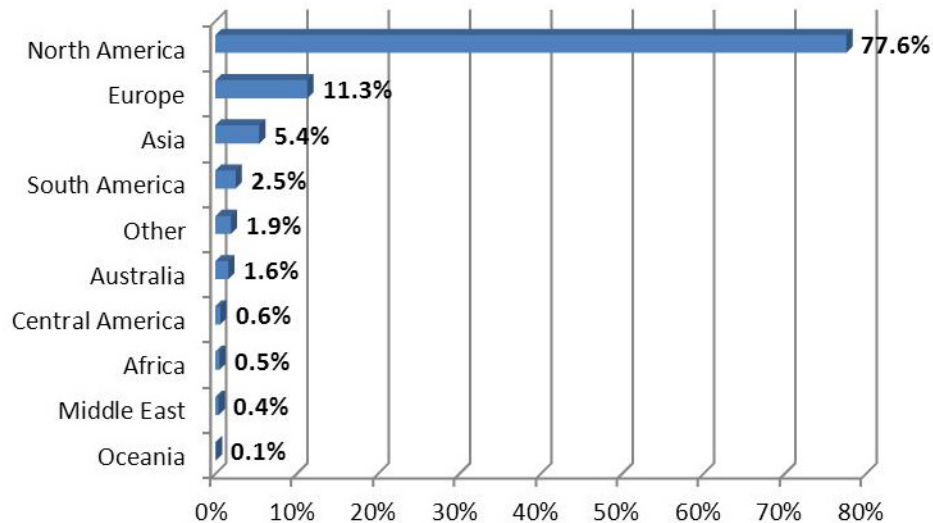
³ In order to make this report more reader friendly, all figures cited in the narrative have been rounded to the nearest whole number. However, actual figures are shown in each graph.

⁴ Please note that much of the drill-down analysis in this report focuses on the 15 professional categories with the most respondents. The number of respondents in the professions beyond that range was not large enough to perform statistically valid cross-tabulation analysis.



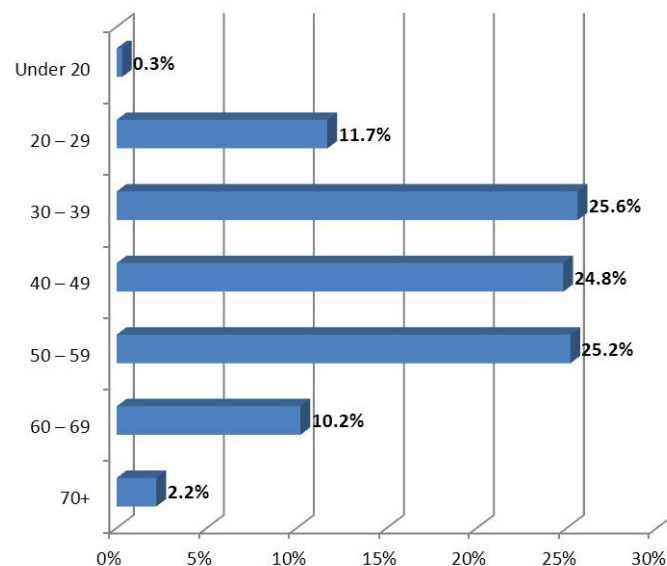
Location

Although 78% of participants are based in North America, 11% live in Europe, 5% live in Asia and 3% are from South America. Collectively, Africa, Australia, the Middle East, Oceania, Central America and other regions comprise just 3% of respondents.



Age

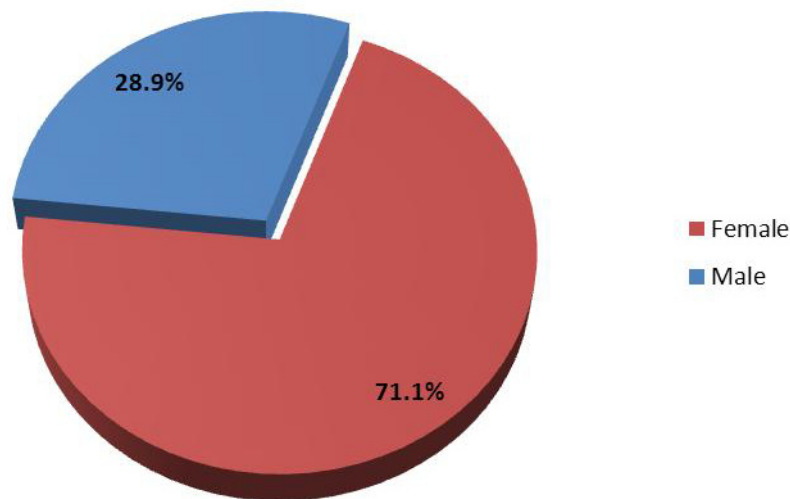
Freelancing has no age limit or restrictions! Fully 12% of respondents were 60 or older. And 12% were in either their teens or 20s. The largest represented group in the survey was the 30 - 39 segment (26%), closely followed by those in their 40s (25%) and 50s (25%).



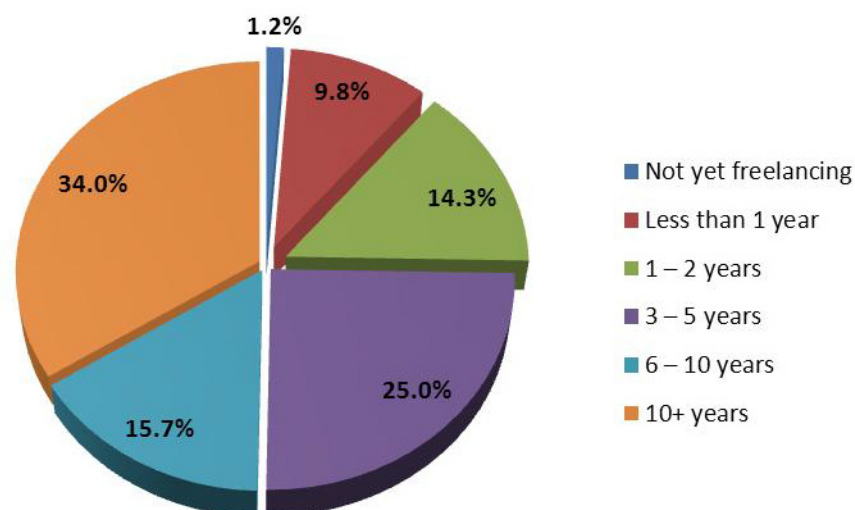


Gender and Freelance Experience

Interestingly, women comprise the largest group of freelancers (71%).



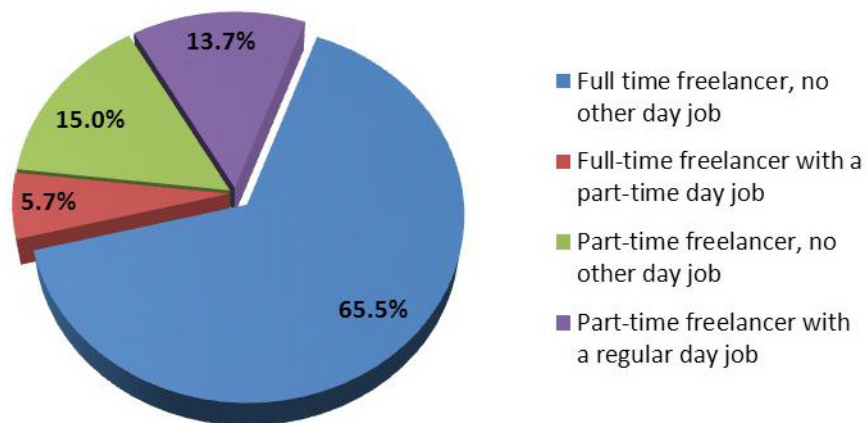
Also interestingly, the majority of freelancers in the market have a great deal of experience: 34% have 10 or more years of experience freelancing, making them the largest segment of the population. It is also encouraging to see many new freelancers (10% have been freelancing for one year or less) coming onto the scene.





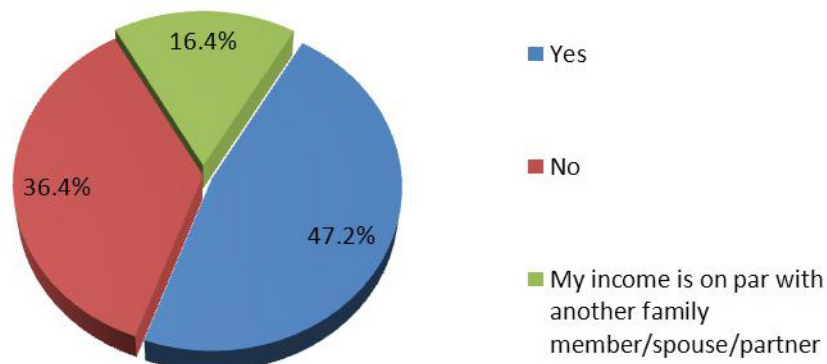
Work Status

The majority of solos (66%) freelance full time. However, almost 14% freelance on a part-time basis while holding a day job, and 15% freelance part time without any other work commitments. Almost 6% of full-timers also keep a part-time day job to supplement their income



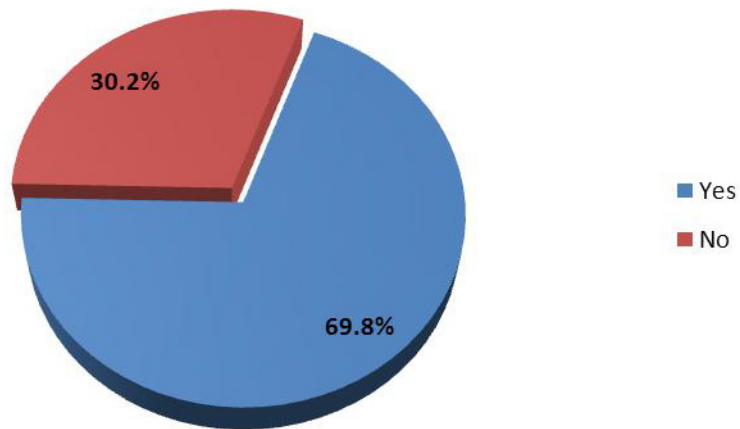
Primary Income Earners

Just under half (47%) of freelancers are the primary income earner in their household. And 70% have one or more family members also contributing income to their household.





Have Other Family Member(s) Contributing to Household Income

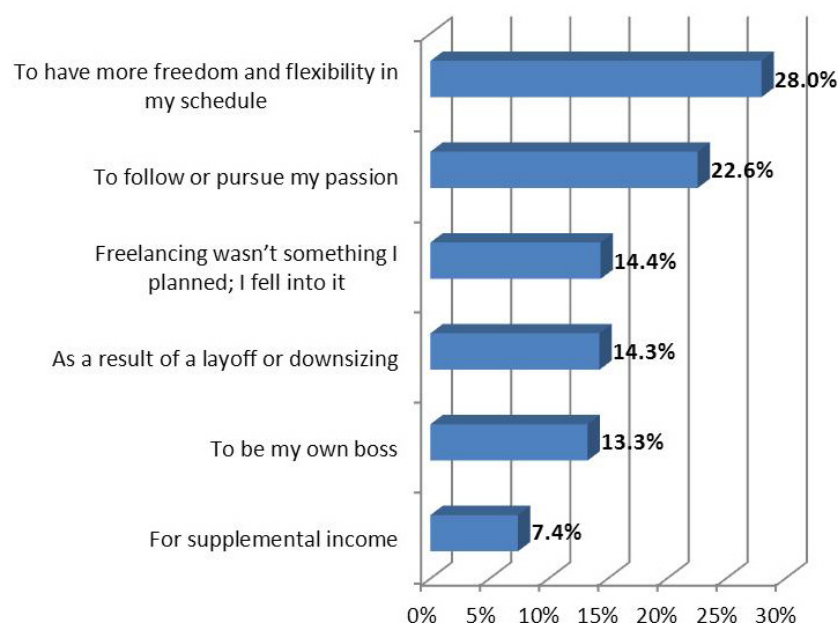




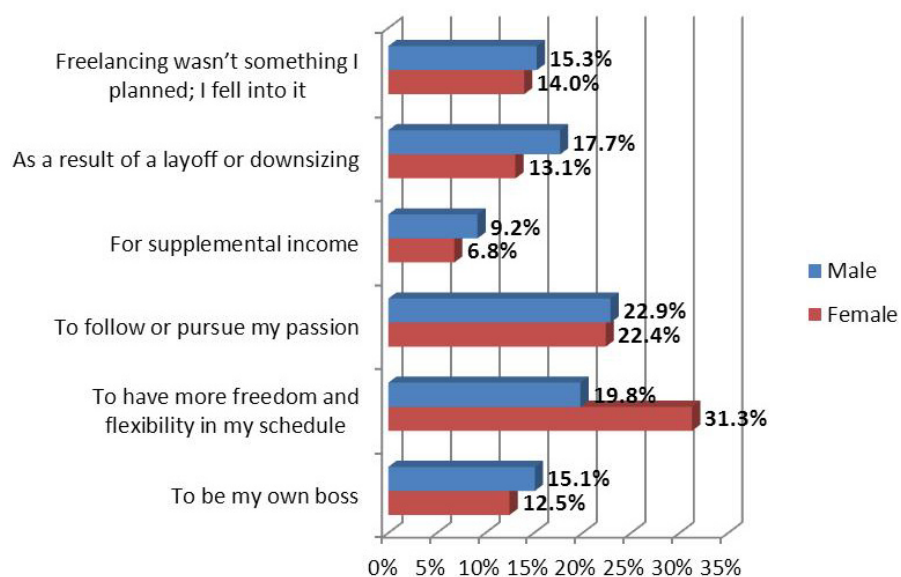
Attitudes Towards Freelancing

Reasons for Going Solo

Freelancers are a passionate group! When asked why they chose this path, 28% said they wanted to have more freedom and flexibility. For 23%, it was mostly about following their passion. And 13% said they wanted to be their own boss. For 29%, their freelance career was not something they planned; they either fell into it or chose this path after being laid off or downsized.



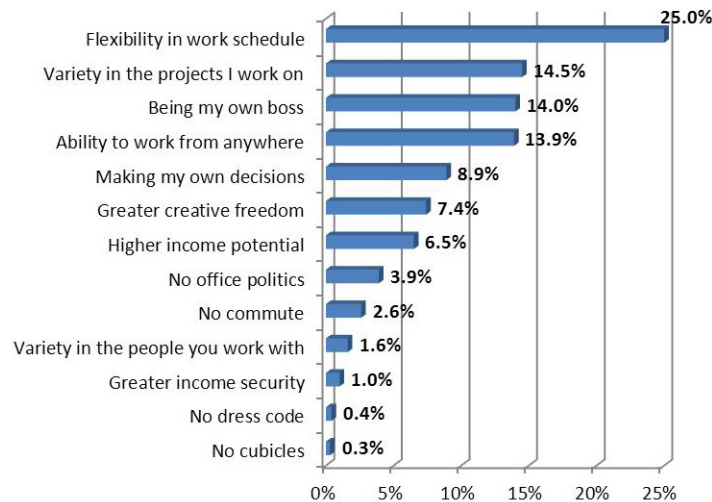
Gender plays a role in why professionals decide to freelance. For instance, freedom and flexibility (31%) was the most important factor for women. For men, it was mostly about pursuing their passion (23%) and being their own boss, although the desire for more flexibility (20%) was a close second major reason.





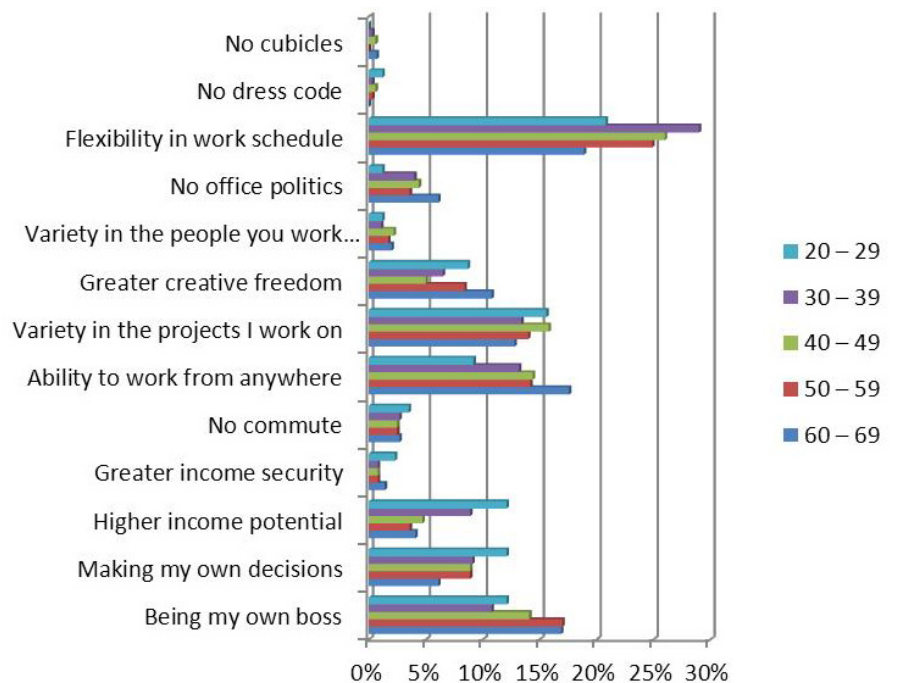
Top Benefits of Being a Freelancer

Having more flexibility in their schedule was the top (25%) freelancing benefit listed by respondents. Other top benefits cited were variety in work (15%), being your own boss (14%), the ability to work from anywhere (14%) and the ability to make your own decisions (9%). All these responses clearly reflect the values most freelancers hold dear.



Benefits by Age

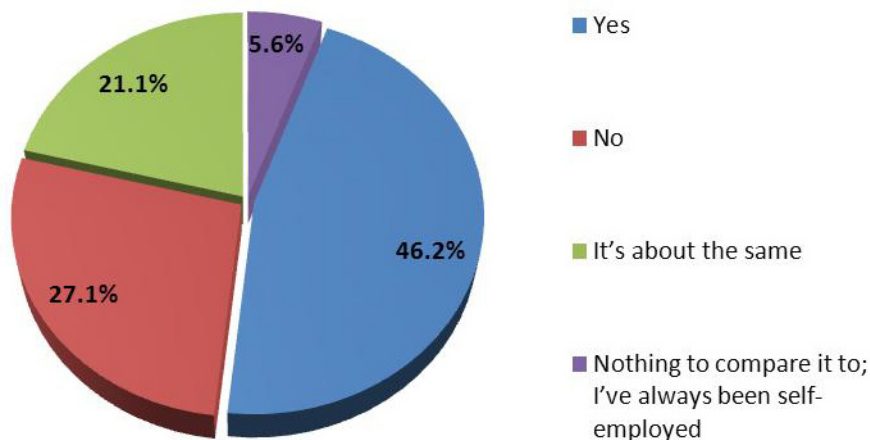
It's also interesting to see how the benefits of freelancing vary based on age. Flexibility in work schedule was clearly the top benefit cited by all age groups, but this was especially important for freelancers in their 30s (29%), possibly the result of having younger kids to care for. Freelancers in their 60s placed a high priority on the ability to work from anywhere (18%). Being your own boss was also a strong core value for freelancers in their 50s (17%) and 60s (17%). Higher income potential was a much stronger benefit for 20-somethings (12%). And for freelancers in their 40s, having more variety in their work (16%) was a top reason to stay solo.





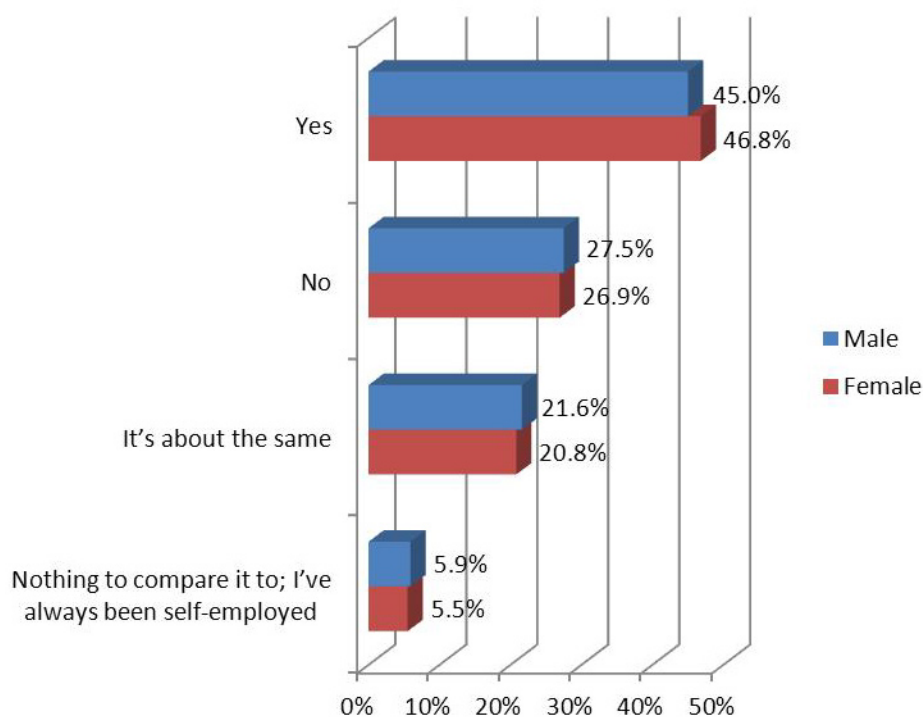
More Free Time?

"More freedom and flexibility" is clearly a top reason for going freelance. But once they make the leap, do freelancers actually have more free time? Forty-six percent said they did. And another 21% said it was about the same as it was before becoming self-employed. Even though 27% have less time now than they did before going freelance, that is still a significantly lower ratio than what traditional brick-and-mortar business owners report after leaving employment to start a business.



More Free Time, by Gender

Women (47%) tend to have more free time than men do (45%) once they're self-employed, although this gap appears to be closing (last year, 50% of women reported having more free time, compared to 43% of men).



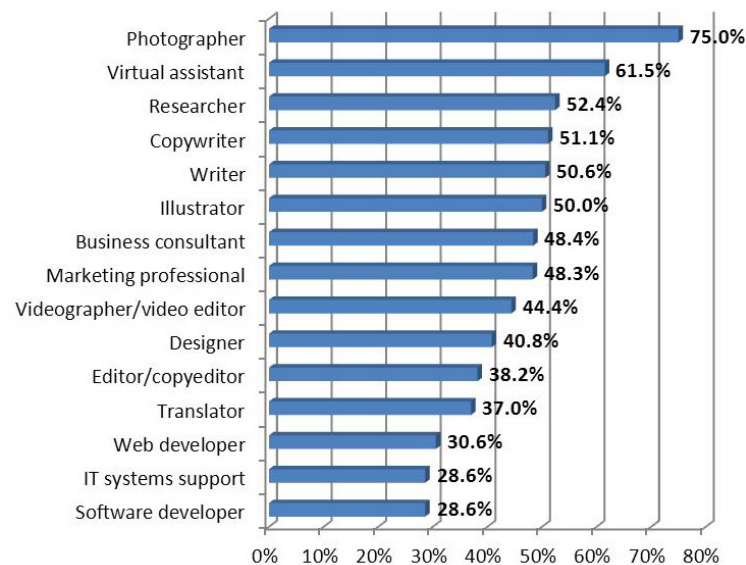


More Free Time, by Profession

And in terms of profession, photographers (75%) and virtual assistants (62%) tend to get the most free time after going solo. IT systems support professionals (64%) and software developers (43%), on the other hand, are more likely to have less free time than they did when they worked for someone else. And for editors (28%), illustrators (27%) and business consultants (26%), it's about the same.

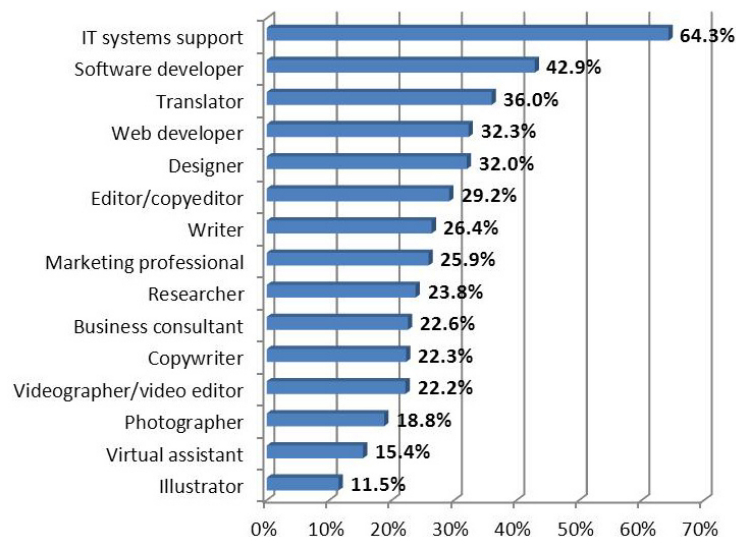
The graph below shows which professions tend to enjoy more free time as freelancers.

Yes



The graph below shows which professions tend to have *less* free time as freelancers.

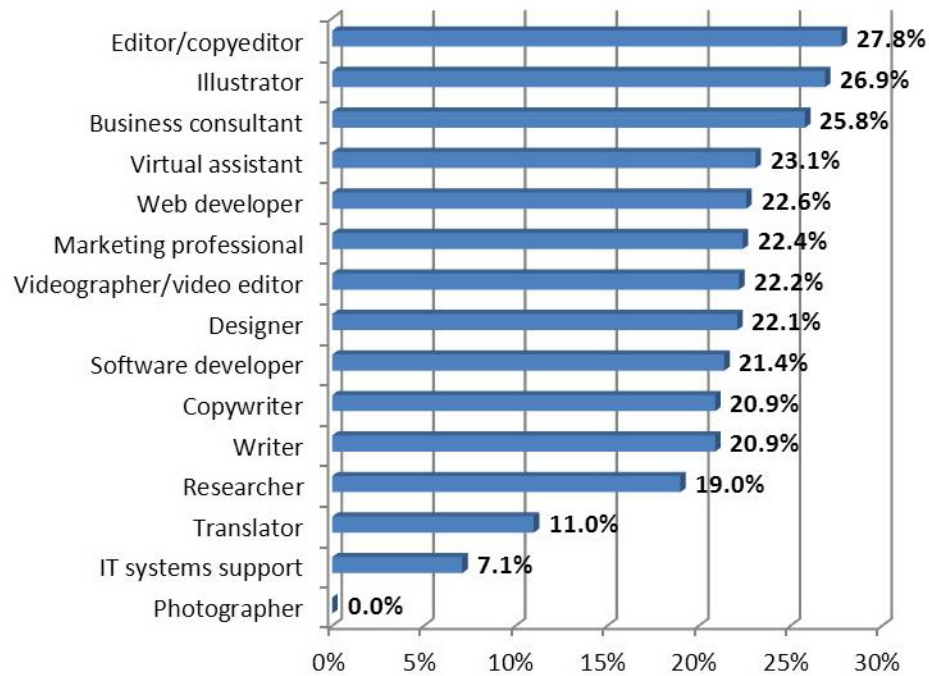
No





The graph below shows which professions have approximately the same amount of free time as freelancers as they did when they were traditionally employed.

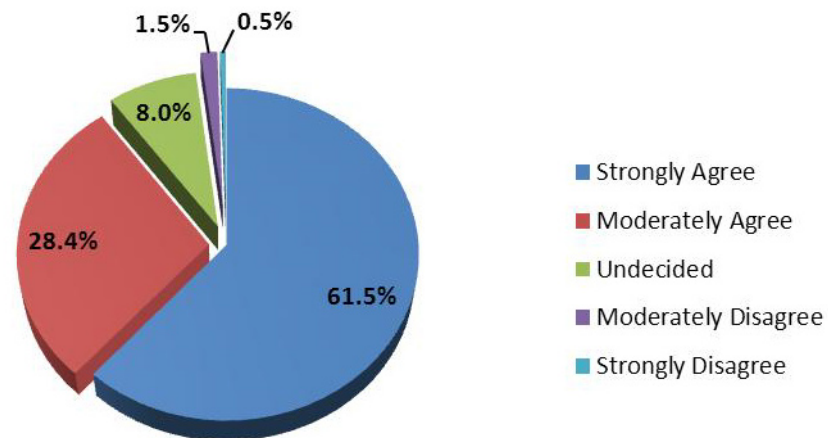
It's about the same



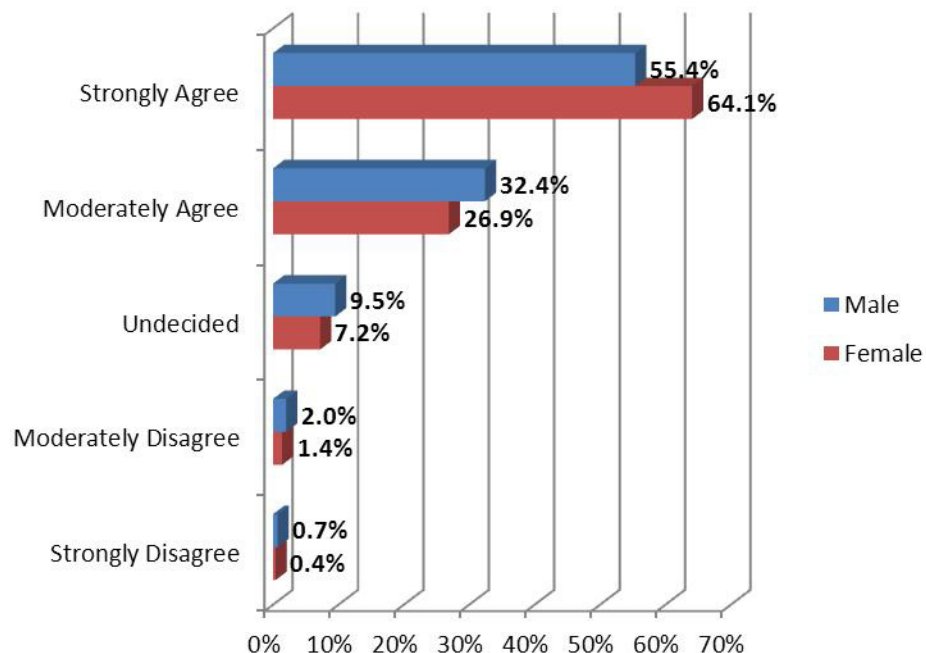


Happier as a Freelancer?

Most freelancers (90%) are happier now than they were before becoming self-employed, a two-point increase from last year (88%).



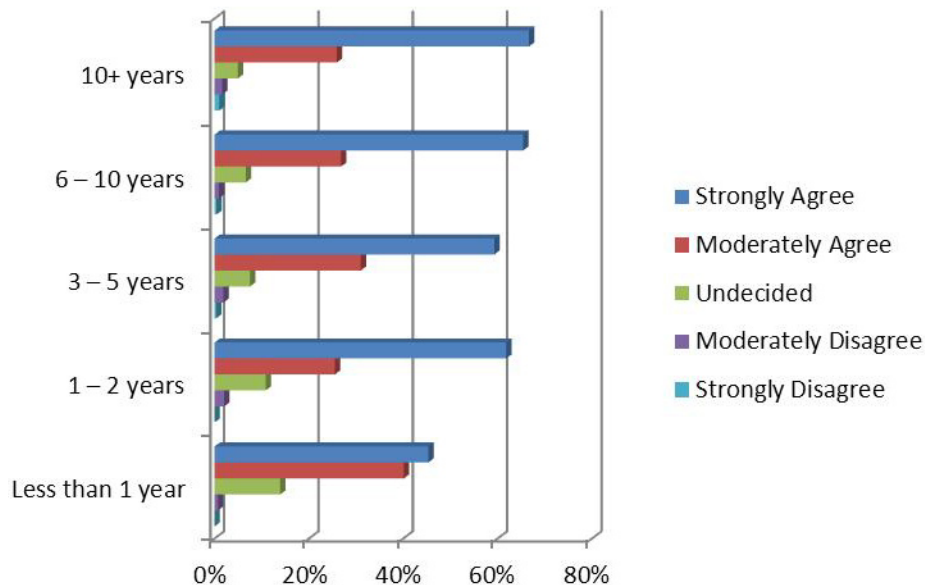
Also, even though both men and women felt strongly about this, women seemed to be even more passionate (64%) than men were (55%) about freelancing for a living. The graph below shows how each responded to the question, "Overall, are you happier since you started freelancing?"





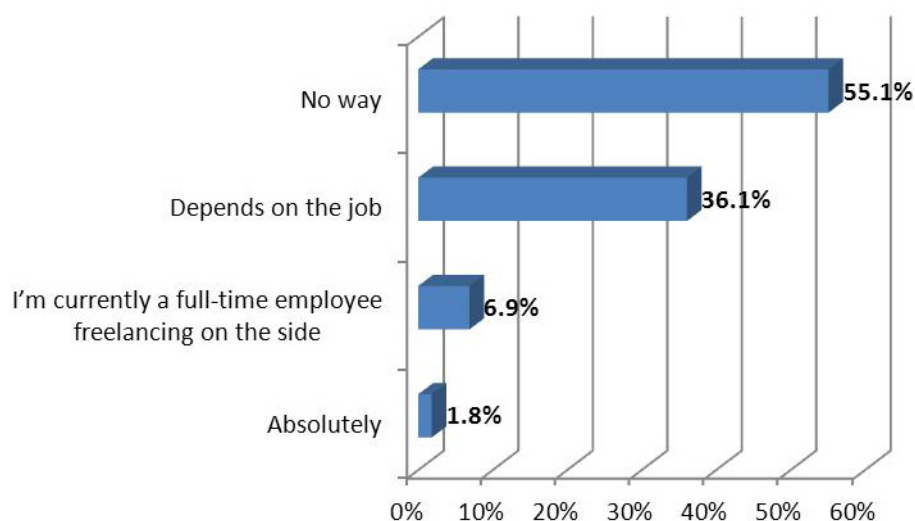
Happiness by Experience Level

There was also a direct relationship between how long freelancers have been self-employed and how strongly they felt about being on their own. For instance, 66% of those who have been freelancing for 10 years or longer felt strongly about being self-employed vs. 45% of those who have been freelancing for one year or less and those who have been on their own for one to two years (62%).



Give Up Freelancing to Work for Someone Else?

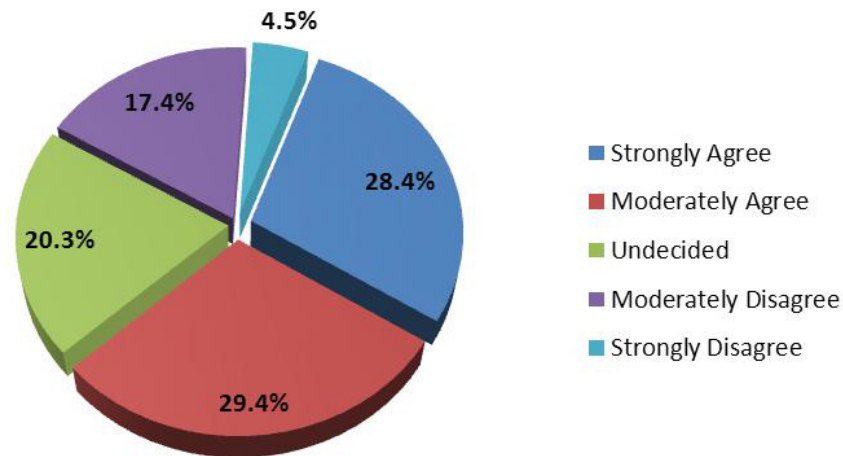
Most freelancers (55%) feel so strongly about their solo business that they wouldn't even consider working as an employee, regardless of what the job paid or what it entailed. Thirty-six percent would consider the offer, and only 2% would absolutely take the "out" if they had the chance.





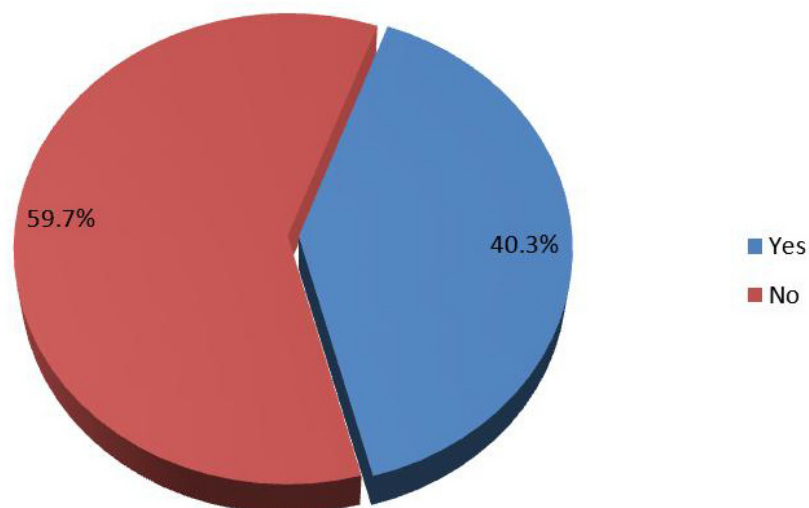
Feel More Secure as a Freelancer Than as an Employee?

In terms of “job security,” 58% of freelancers either strongly agree or moderately agree that they feel more secure today than they did working for someone else—a figure that contradicts the negativism much of the traditional media seem to want to attach to self-employment. In fact, only about 5% of freelancers strongly disagree with the idea that they’re more secure working for themselves than they are working for an employer.



Delegate or Outsource Work to Others?

Finally, we asked survey respondents if they ever delegate or outsource some of their work to others (to employees, other self-employed professionals or other companies/firms). Most (60%) do *not* delegate or outsource any of their work, although the responses changed dramatically based on whether they viewed themselves as freelancers or entrepreneurs (more on this later in the report).



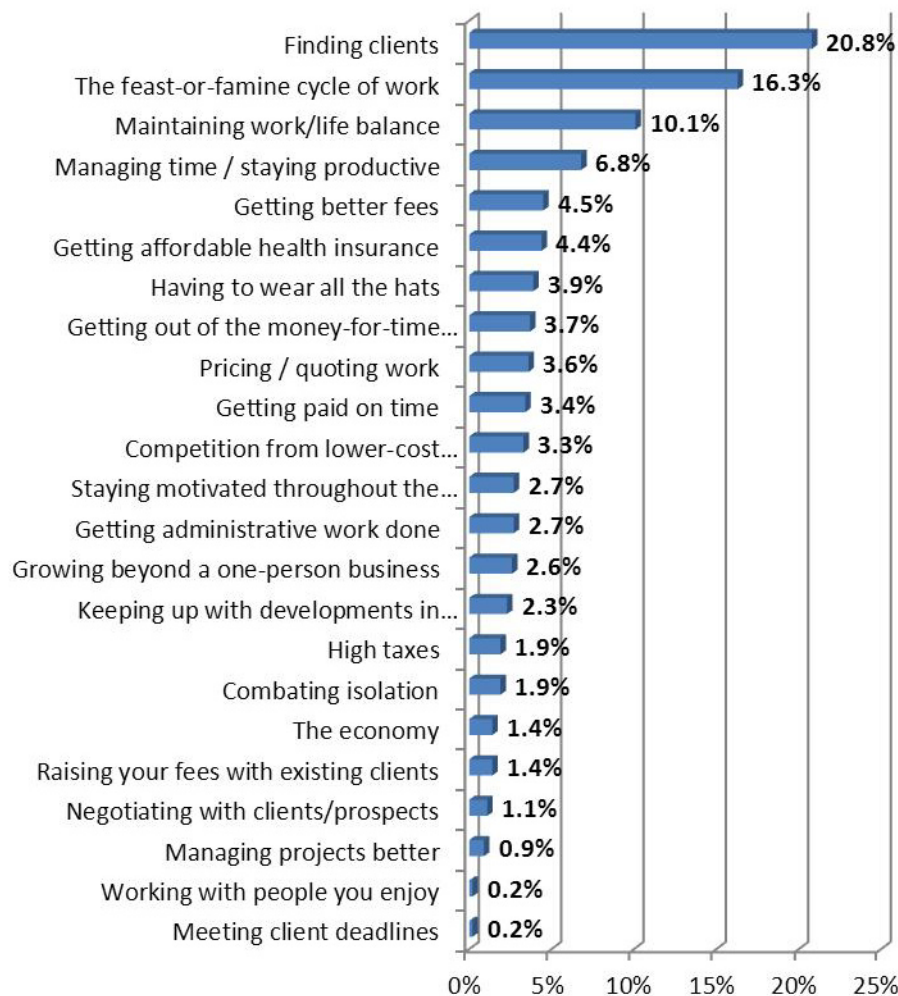


Freelancer Challenges

Freelancers are certainly not without challenges. Their two biggest challenges this year are finding clients (21%) and breaking out of the feast-or-famine cycle of work (16%). This means that for 37% of freelancers, landing work is a major challenge.

Surprisingly, only 4% named "getting paid on time" as their top challenge. And competition from lower-cost freelancers was the top challenge for only 3% of freelancers. These two issues are often portrayed as having reached crisis levels. Although they still represent big challenges for self-employeds, survey respondents seemed to have recognized that other issues are currently more important.

Among the other challenges cited were getting affordable health insurance (4%), getting out of the money-for-time cycle (4%), staying motivated throughout the day (3%), growing beyond a one-person business (3%) and combating isolation (2%).



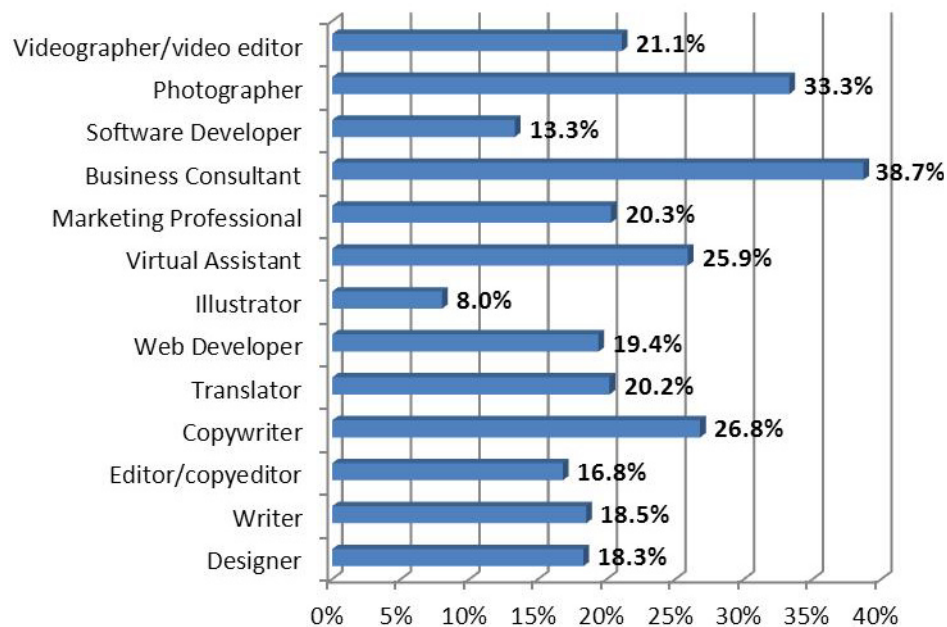


Top Challenge by Profession

Looking deeper into the data, business consultants (39%), photographers (33%), copywriters (27%) and virtual assistants (26%) are more likely to struggle finding clients than are peers in other fields. The feast-or-famine cycle of work was the top concern for illustrators (28%) and software developers (20%). Maintaining work/life balance was a bigger challenge for editors (17%) and software developers (13%). Photographers (22%) struggled the most with maintaining high productivity (22%) and with getting paid on time (11%), which was the top issue for videographers/video editors (16%).

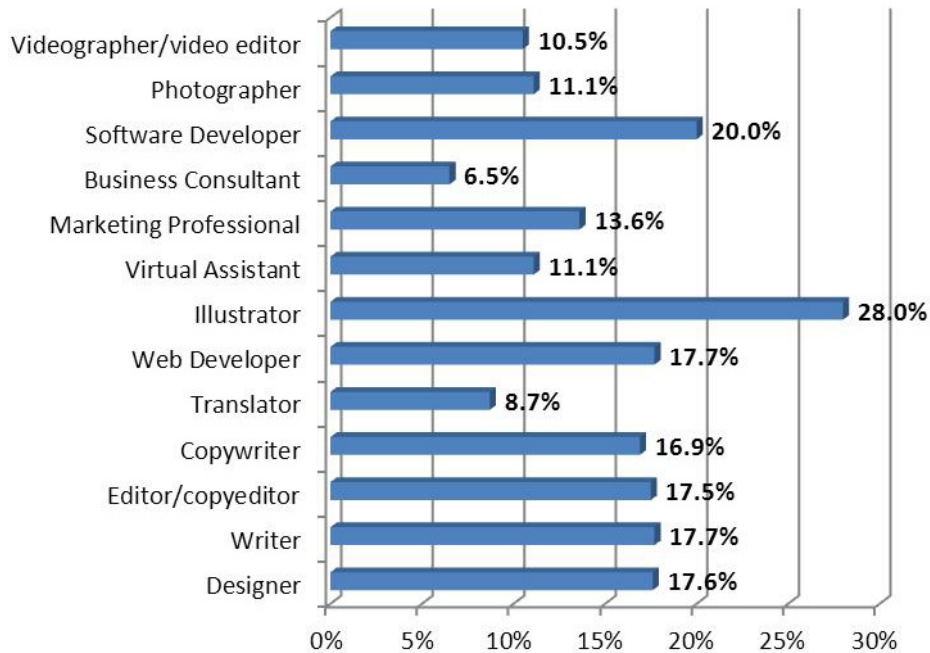
The next five graphs show which challenge each profession cited as their biggest overall challenge.

Finding clients

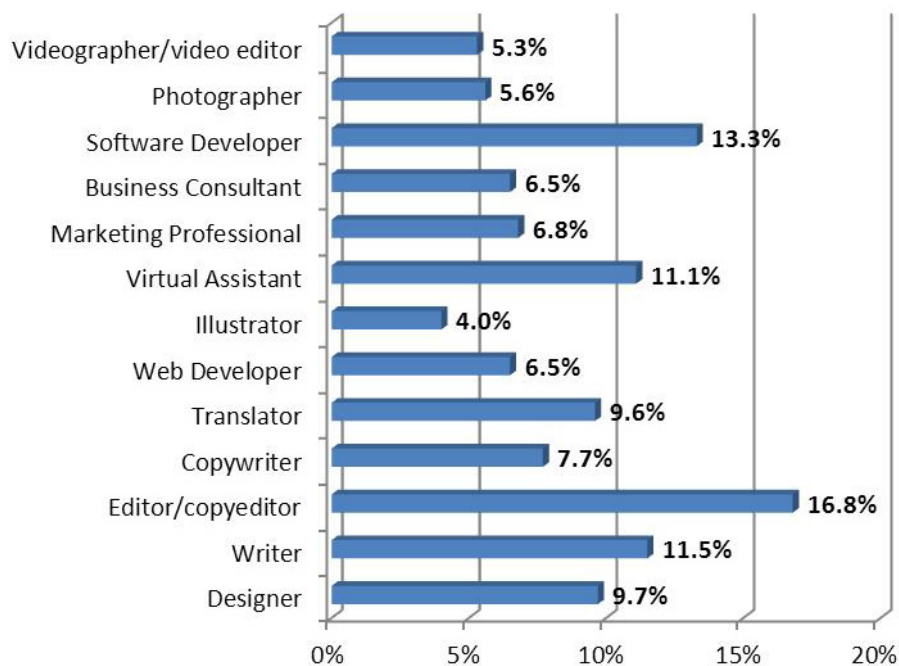




The feast-or-famine cycle of work

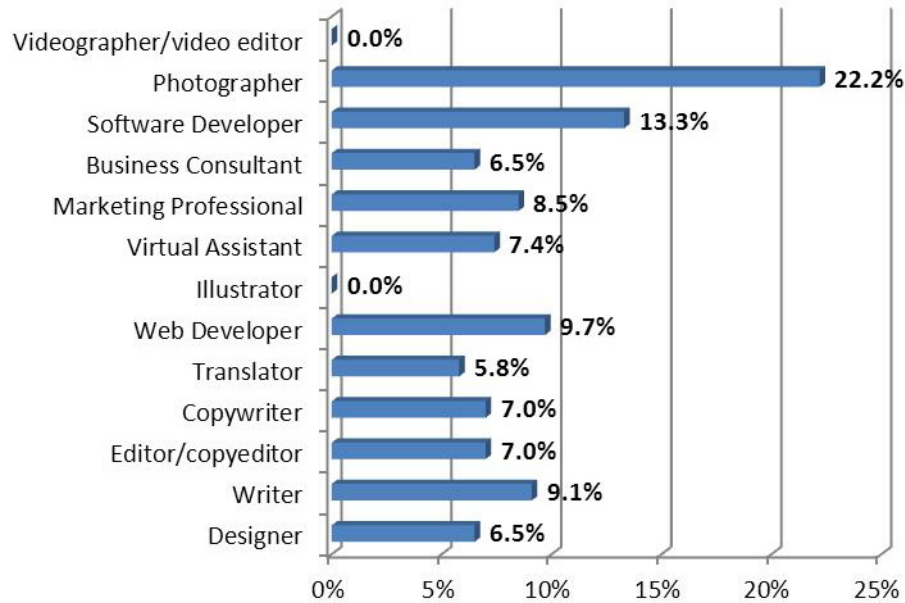


Maintaining work/life balance

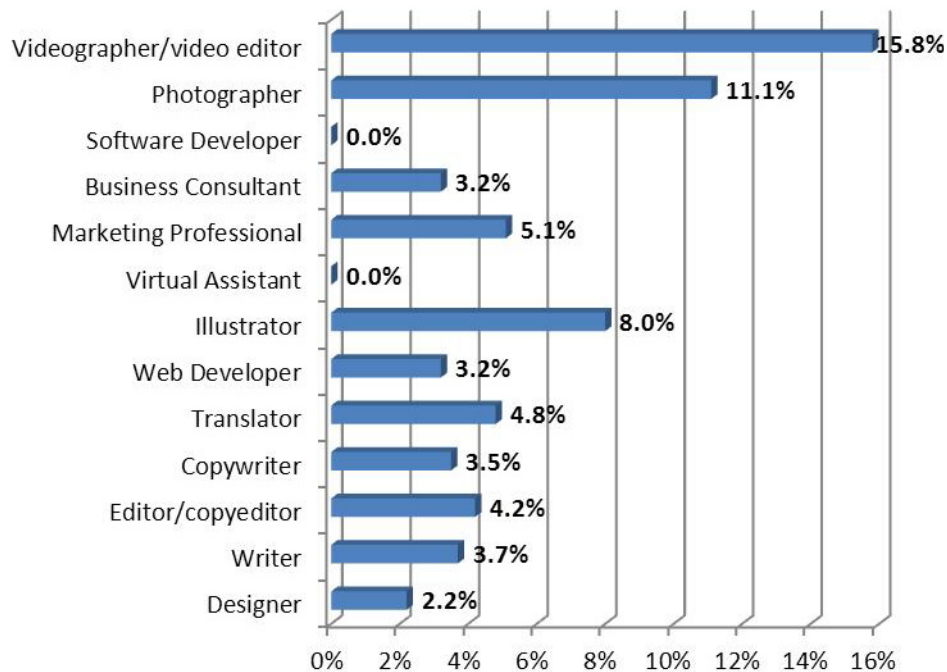




Managing time / staying productive



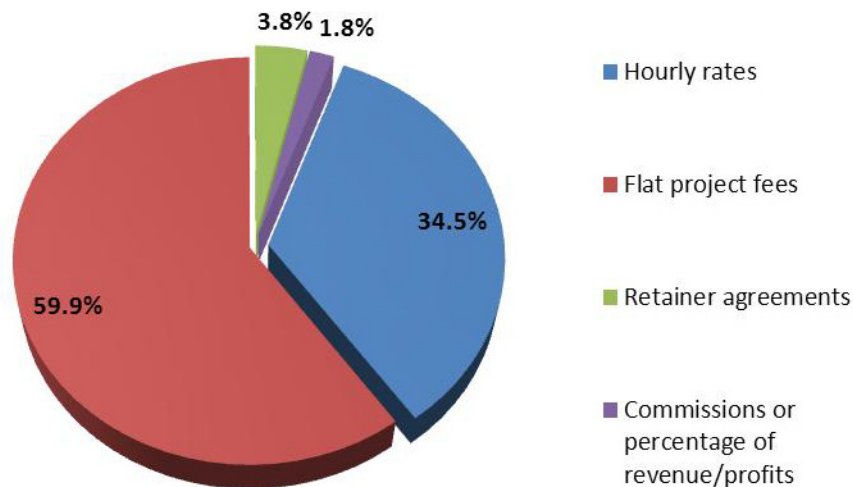
Getting paid on time



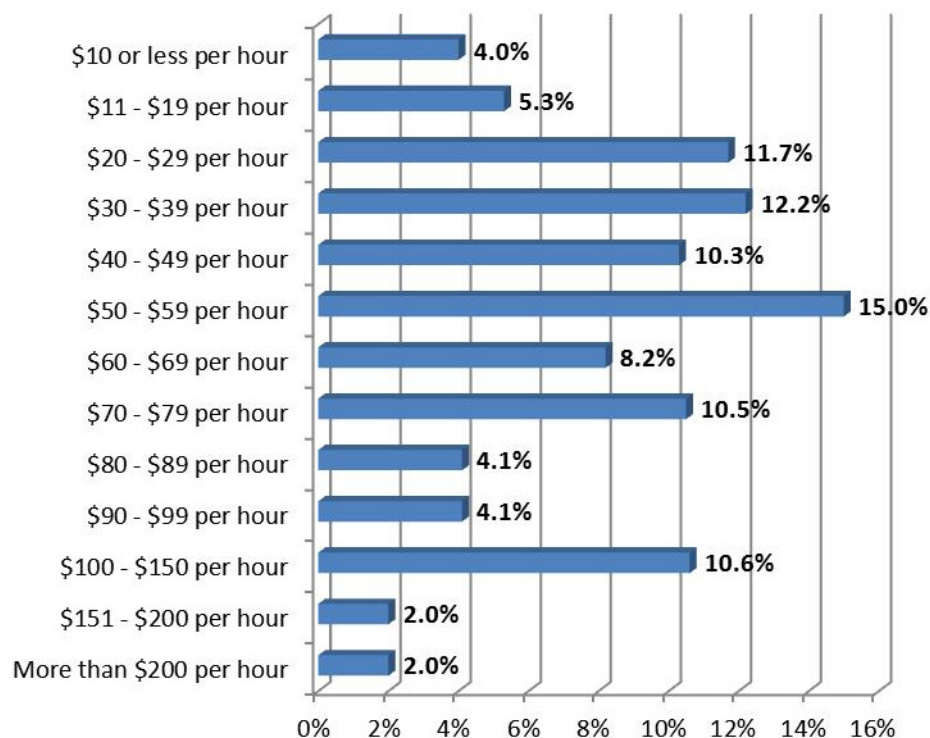


What Do Freelancers Earn?

When it comes to pricing and billing for their services, 60% of freelancers quote and charge flat project fees. Thirty-five percent bill by the hour, 4% work mostly on retainer and 2% employ more creative performance-based models.



In terms of actual earnings, rather than ask for annual income figures, which don't really tell the full story, the survey asked participants to indicate their average hourly earnings, even if projects and engagements were billed as flat fees. Naturally, there is a wide range of rates among freelancers. But there is a large concentration around the \$20 - \$59 per-hour range, with 49% of freelancers falling into this category.





Furthermore, 33% of freelancers earn anywhere from \$70 to \$200+ an hour—an encouraging sign of earnings potential. In fact, 15% are earning \$100 or more per hour. However, when comparing this year's numbers to last year's, there is a noticeable shift toward the lower half of the fee bell curve. For instance, last year, 45% of freelancers fell into the \$20 - \$59 per-hour category (vs. 49% this year) and 36% were earning \$70 or more per hour (vs. 33% this year). On the lower half of the curve, 64% were earning up to \$69 per hour (vs. 67% this year).

Billable Rates by Profession

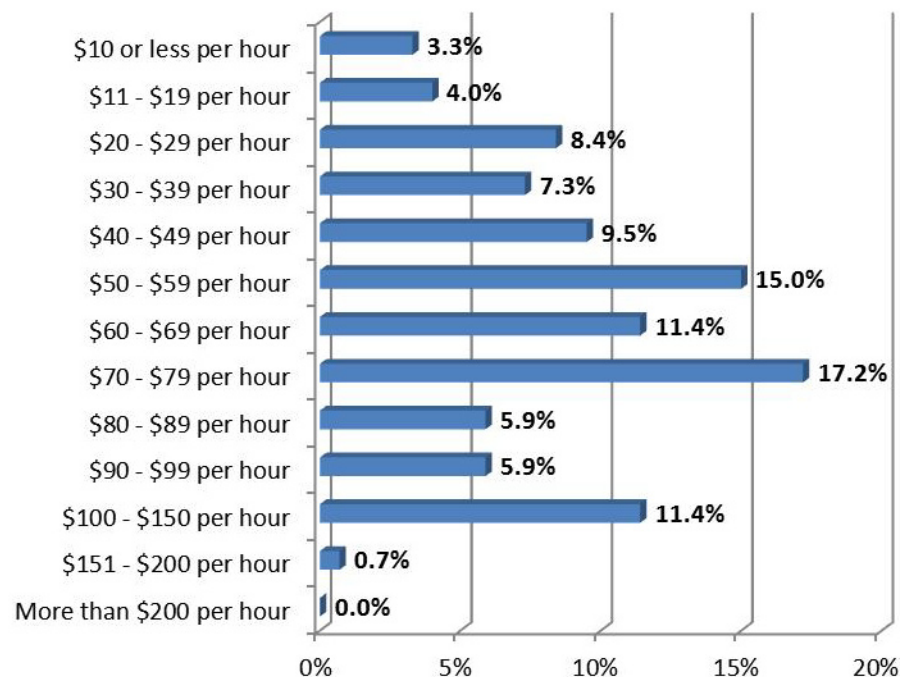
Within each profession, hourly rates varied considerably. However, patterns did emerge. For instance, the rates of designers, writers, editors, translators and web developers tend to fall into a somewhat bell-shaped curve.

For designers, the biggest cluster was in the \$50 - \$79 per-hour range. For writers, it was \$50 - \$69. Editors were heavily concentrated in the \$20 - \$49 range. More than half of translators were in the \$20 - \$39 range. And the most concentrated range for web developers was \$30 - \$59.

Professions such as copywriting, marketing and business consulting were not as evenly distributed. Each of these fields had clusters at the lower end of the scale, in the middle and at the upper end, possibly due to the fact that the services (and their corresponding fees) in these professions—and maybe even the types of markets served—tend to be more diverse.

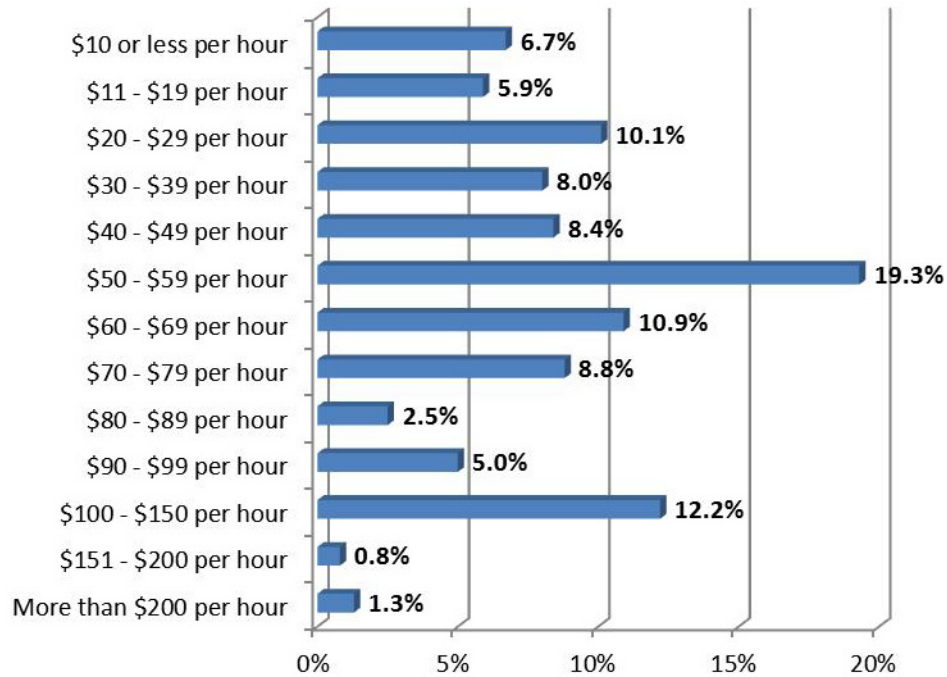
The next 10 graphs show the billable rate distribution by the top 10 professions cited by survey respondents.

Designer

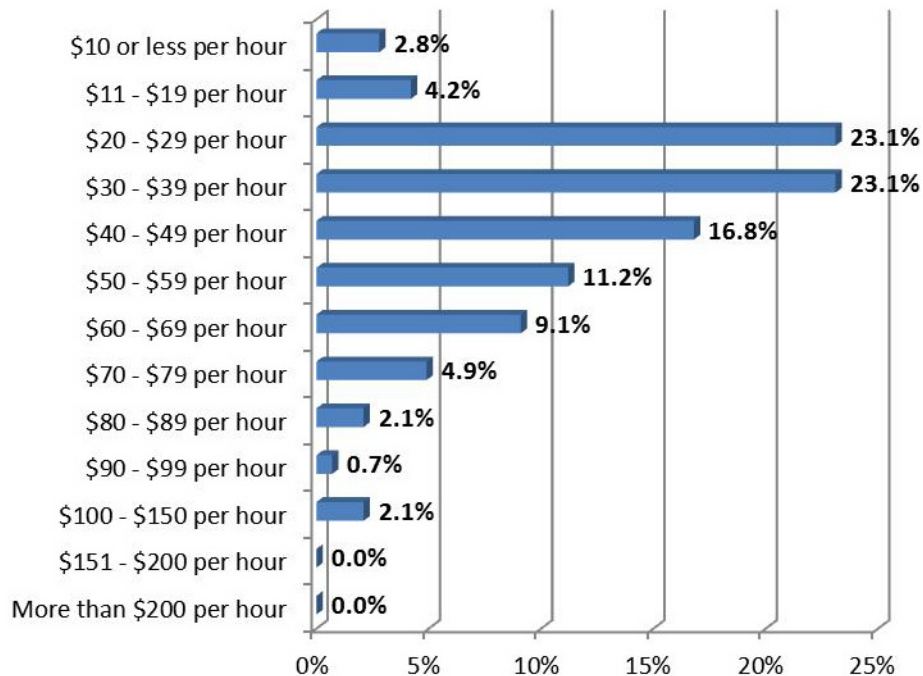




Writer

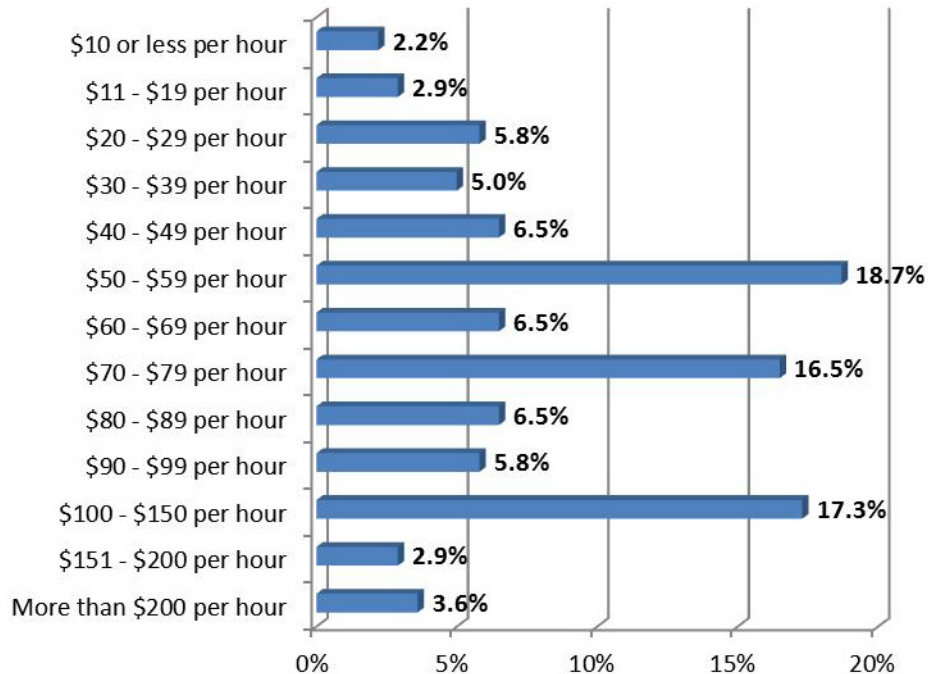


Editor/copyeditor

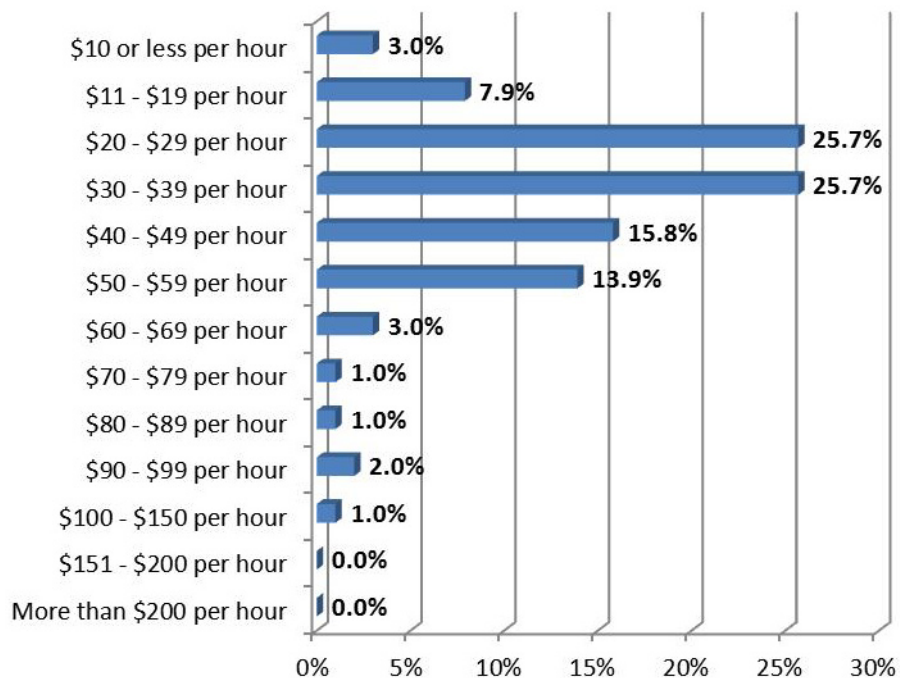




Copywriter

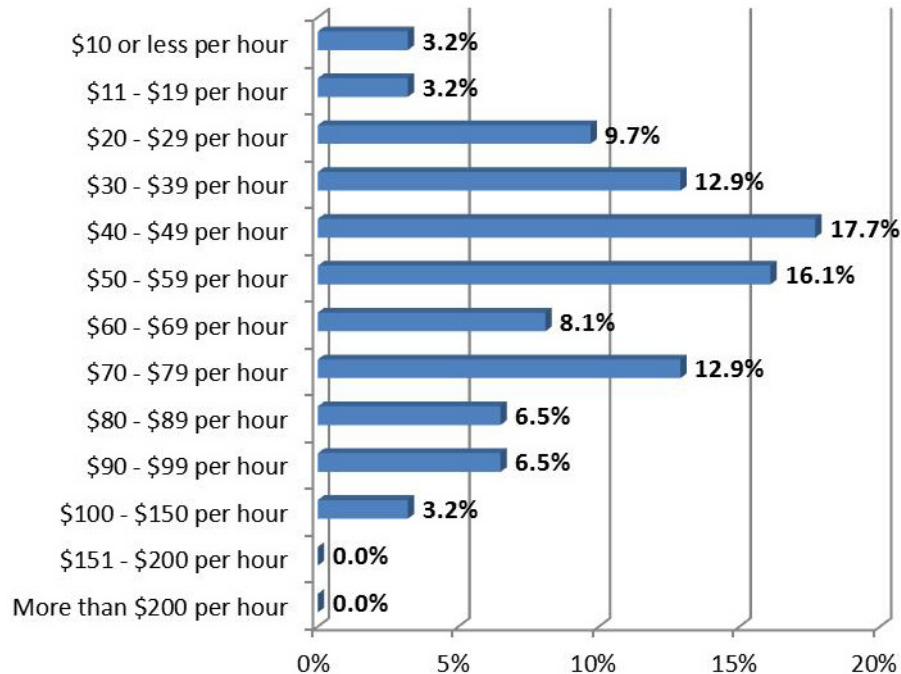


Translator

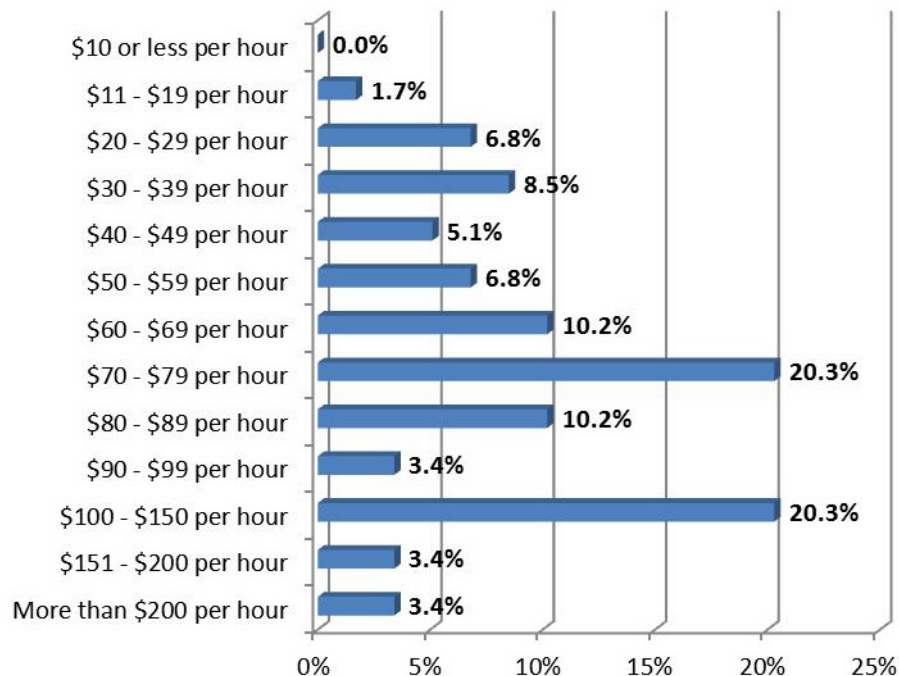




Web developer

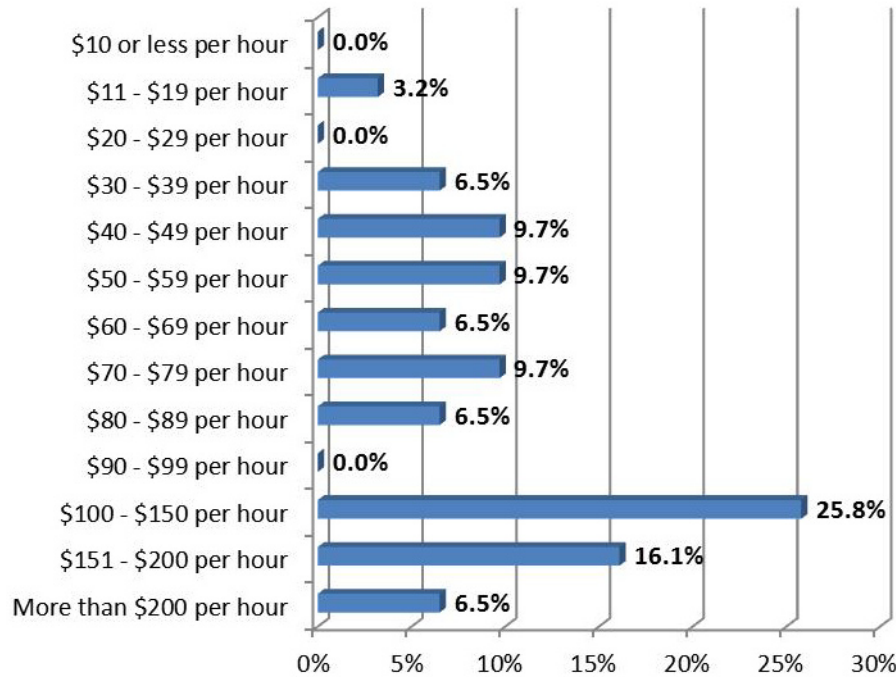


Marketing professional

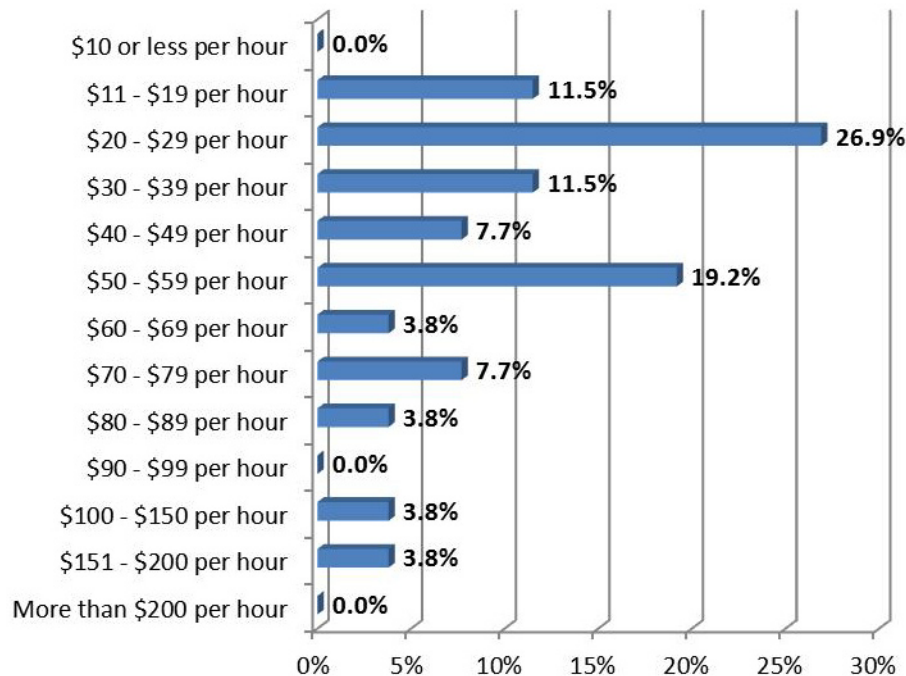




Business consultant

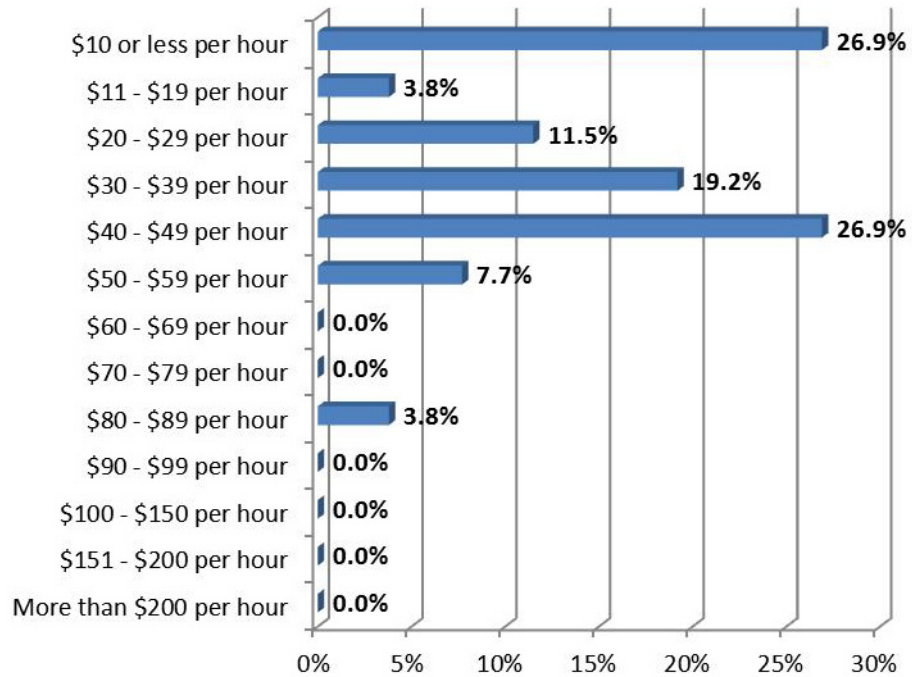


Illustrator





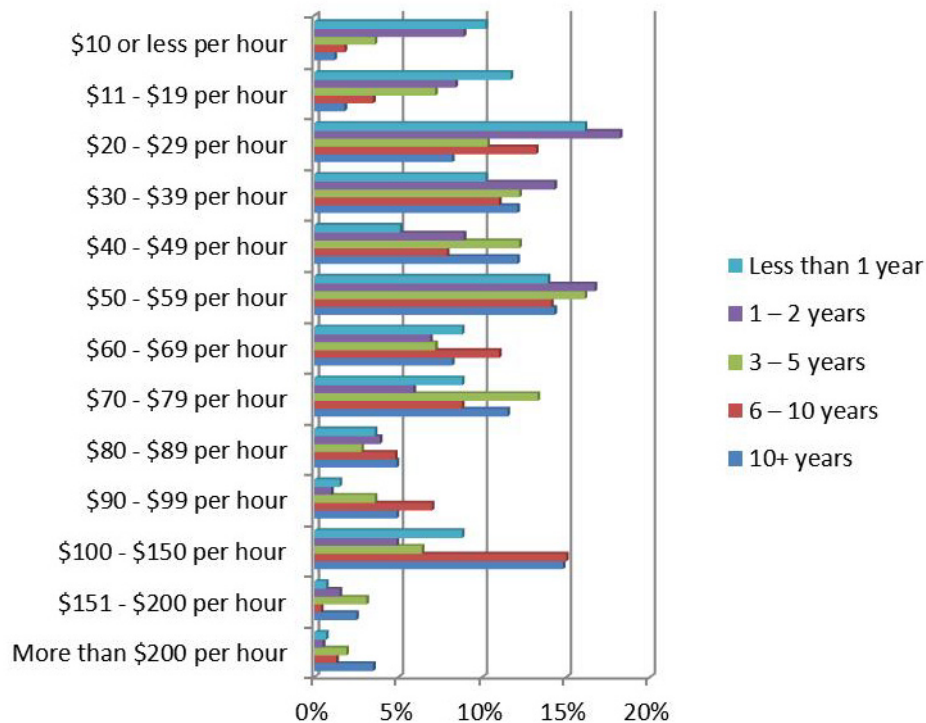
Virtual assistant





Billable Rates by Experience Level

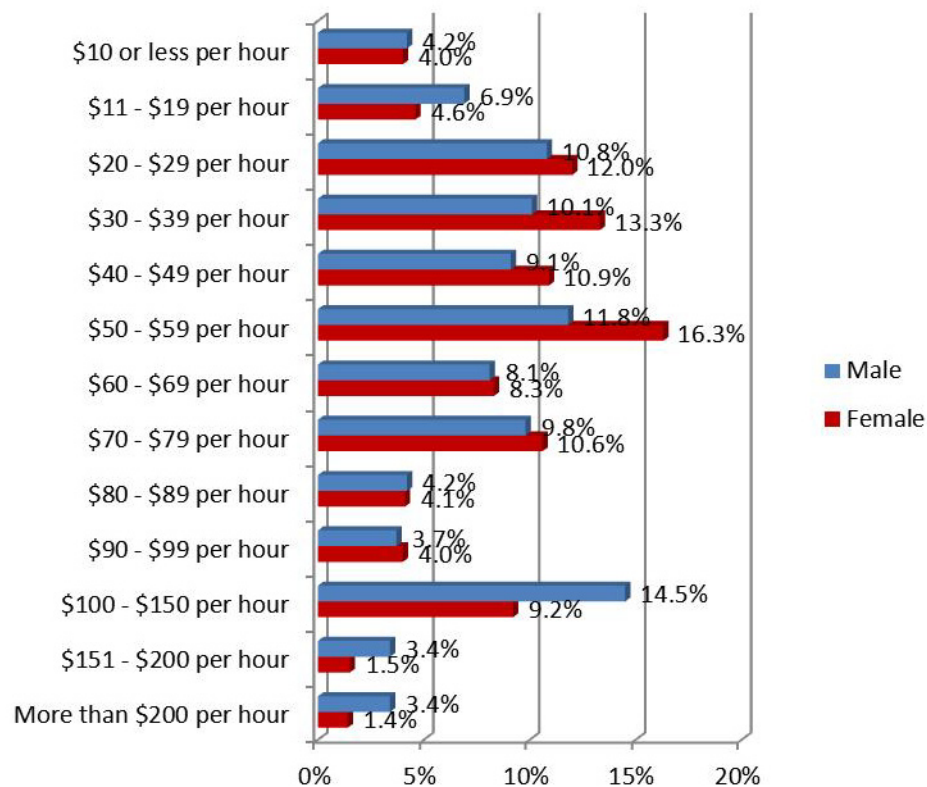
Not surprisingly, there is a direct relationship between rates and freelance experience. For instance, those who have been freelancing for 10 or more years are much more likely to fall into the \$100 - \$200+ per-hour range (21% are in this range). However, 10% of new freelancers are earning \$100 or more per hour. And 42% of freelancers who have been on their own for two years or less are earning a very respectable \$70 or more per hour.





The Gender Gap

Another interesting analysis concerns the gender gap when it comes to billable rates. Interestingly, female freelancers earn more per hour than do their male counterparts at almost every rate level from \$20 to \$99. It's not until the \$100+ per-hour range that men consistently outearn women.



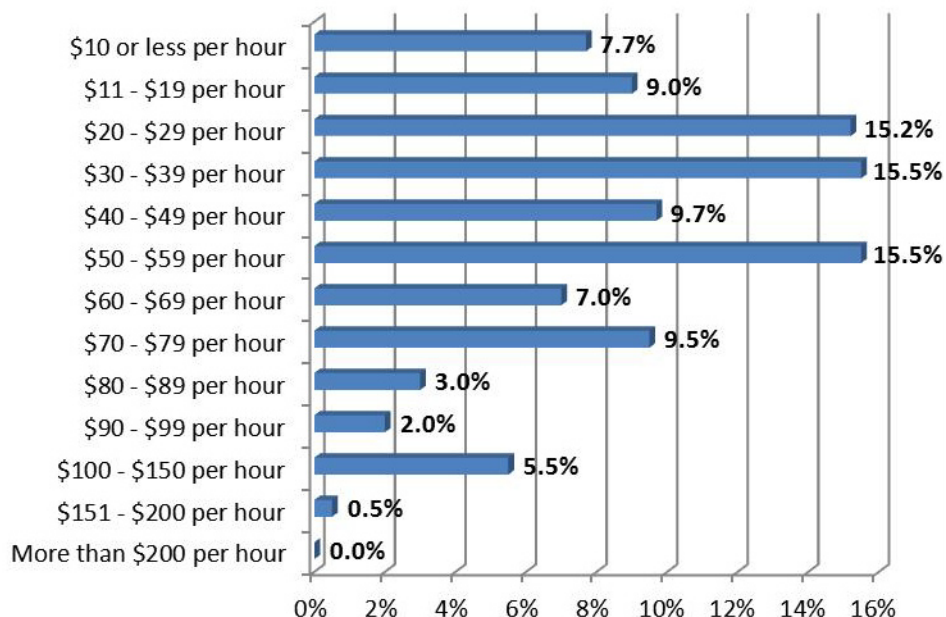


Billable Rates, Full-Time vs. Part-Time Freelancers

As the two graphs below show, there was a significant difference in billable rates between those who freelance full time vs. part time. More than 38% of full-time freelancers earn \$70 per hour vs. only 20% of part-time freelancers.

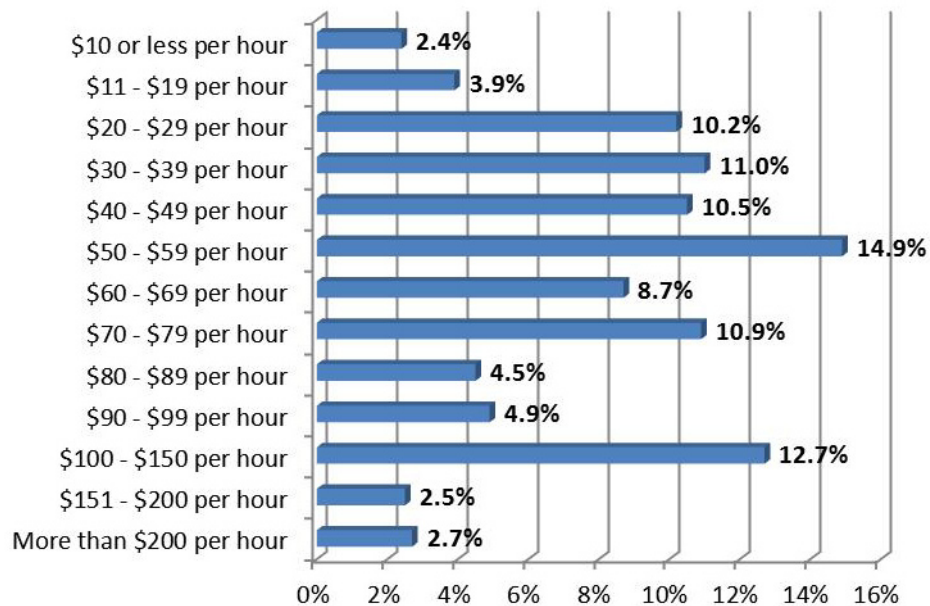
There is no clear reason for the stark difference in rates. However, one possible explanation is that part-time freelancers may not have as much time to market themselves and to look for higher-paying clients as their full-time counterparts do. Whatever the reasons, the correlation is clear, and part-time freelancers would do well to take a closer look at their rates and how they're communicating their value to their clients.

Average billable rates of PART-TIME freelancers





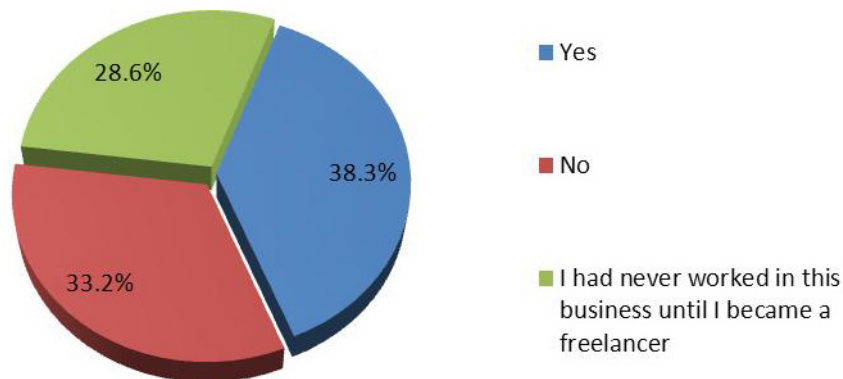
Average billable rates of FULL-TIME freelancers





Income Differences: Freelancers vs. Employees

For freelancers who left traditional employment behind, 38% are now earning more than they did as an employee in the same field. And a surprising 29% didn't work in their current profession until they went out on their own—a sign that many freelancers are willing to retool in order to pursue a passion or craft that is in high demand.

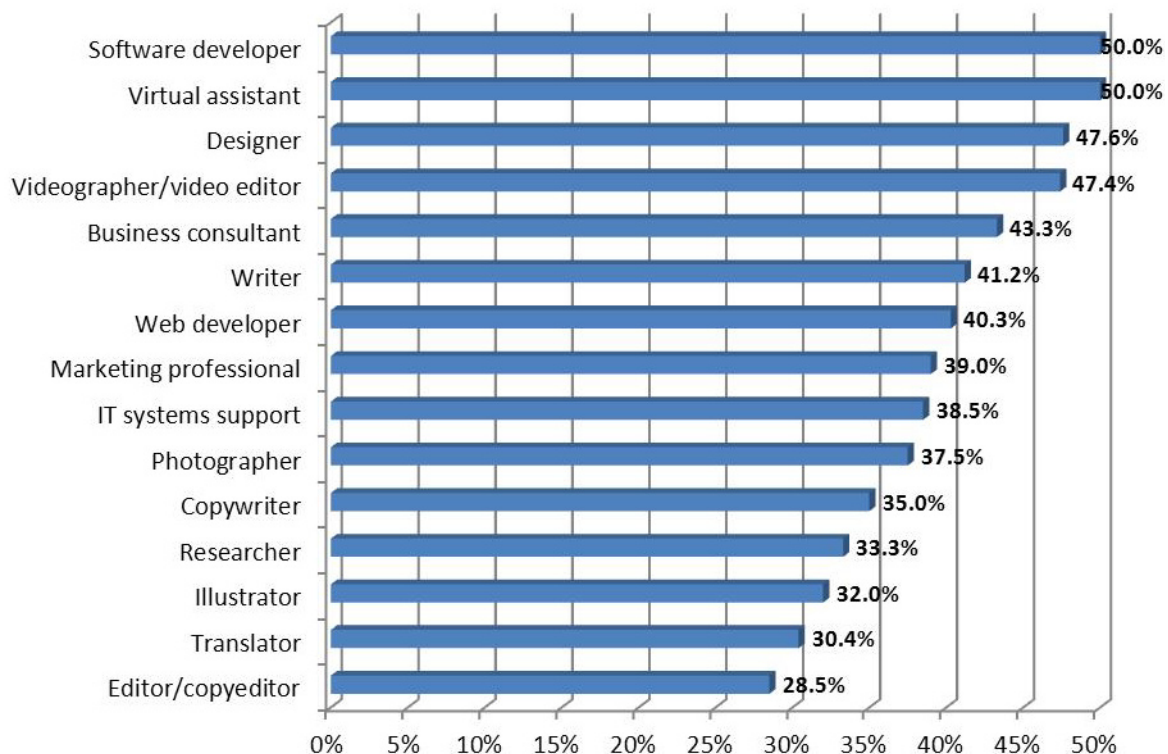




Income Improvements by Profession

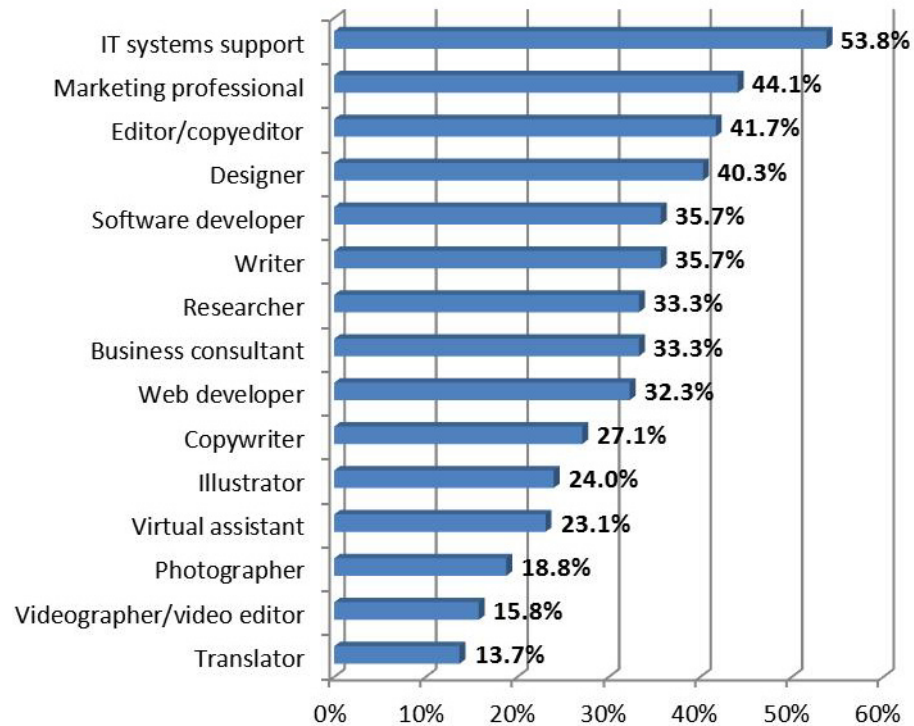
Software developers (50%), virtual assistants (50%) and designers (48%) are most likely to earn more as a self-employed professional than as an employee. IT systems support professionals (54%), marketing professionals (44%) and editors (42%) are more likely to earn *less* when they go solo.

Earns MORE as a freelancer than as an employee in same profession





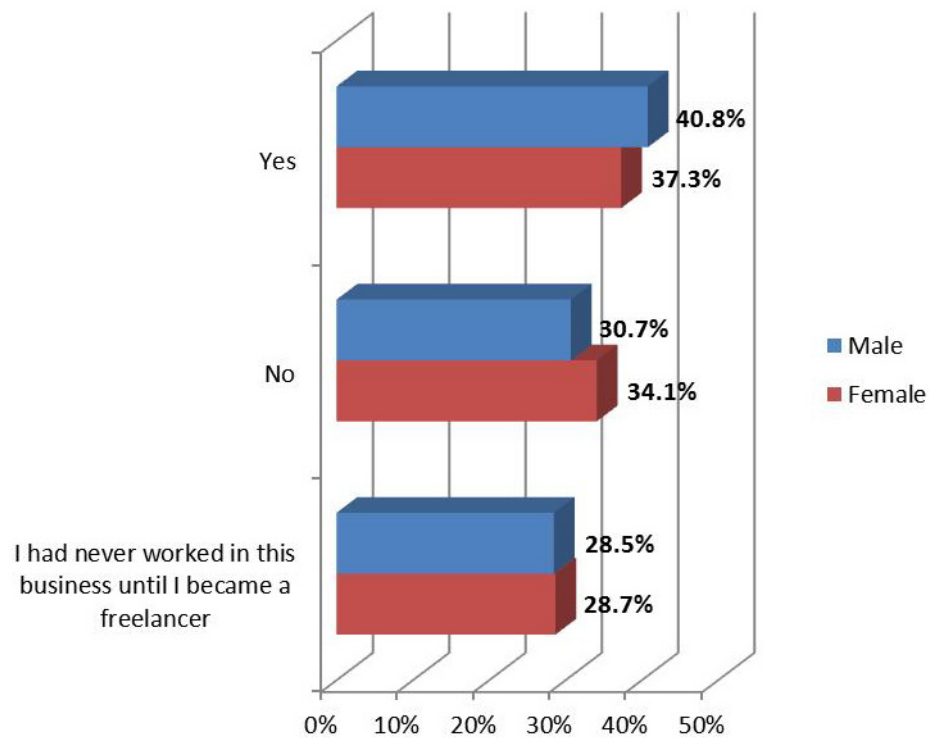
Earns LESS as a freelancer than as an employee in same profession





Income Improvements by Gender

And when it comes to gender, men (41%) are more likely than are women (37%) to experience an income increase after going freelance. The graph below shows how men and women responded to the question, "Do you earn more as a freelancer than you did as an employee in the same industry or profession?"

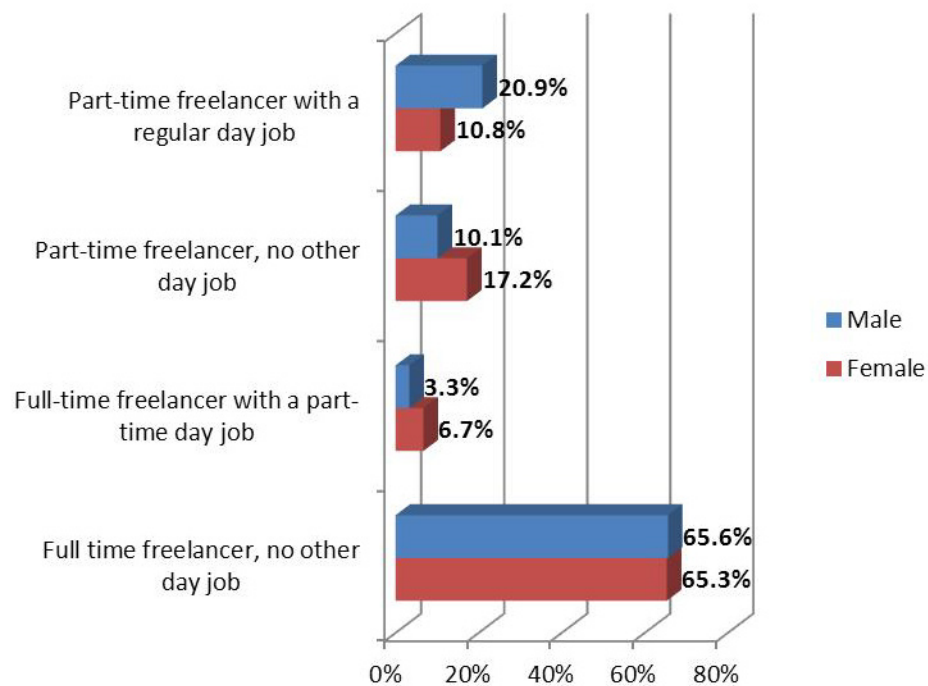




Gender Bias

Although part of the reason for the difference in income may be gender bias, one major factor in this postemployment income change could be the fact that women (17%) are much more likely to freelance part time than men (10%) are. This alone can naturally have a large impact on total income earned, even though the choice to do the business part time is a lifestyle decision.

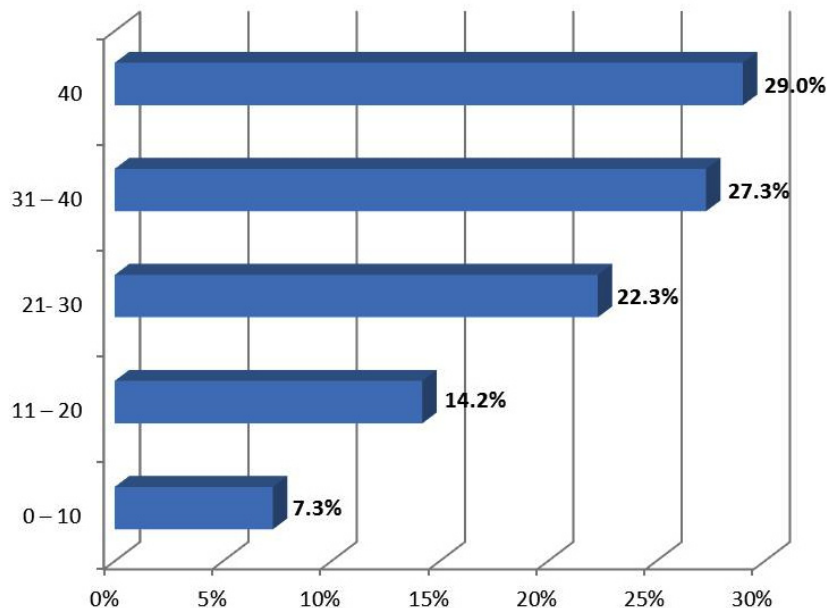
Also noteworthy is the fact that men (21%) are much more likely than women (11%) are to moonlight as a freelancer. The chart below shows work status broken down by gender.



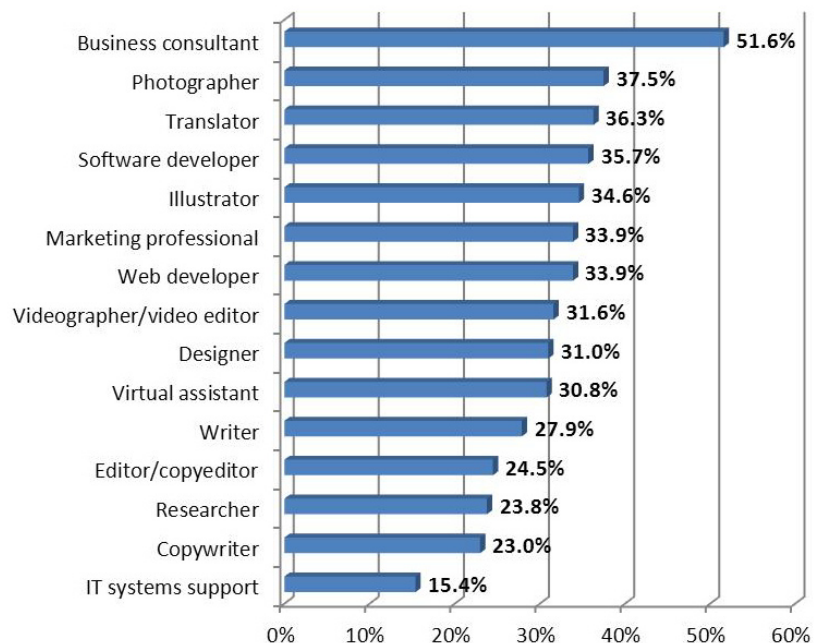


Hours Worked

Freelancers are hardworking professionals. Nearly one-third of them work more than 40 hours per week. And another 27% work 31 - 40 hours per week.

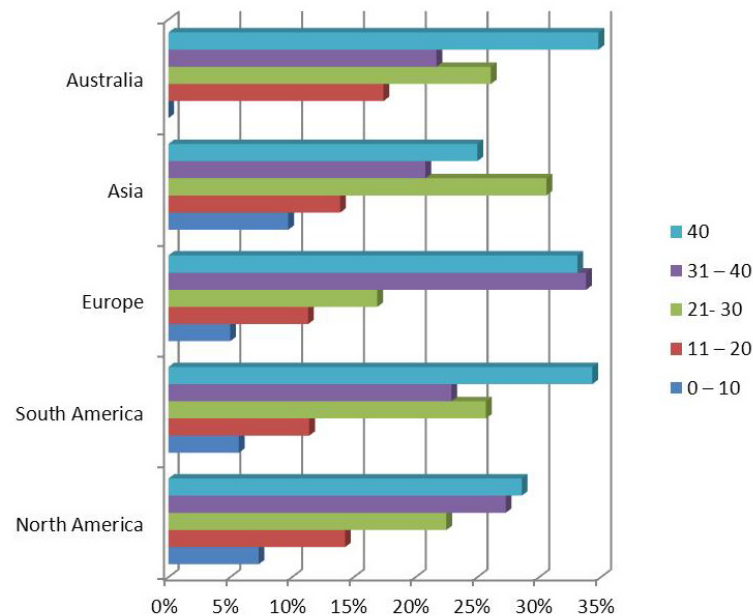


The graph below shows the percentage of freelancers, by profession, who tend to work 40+ hours per week. Business consultants (52%), photographers (38%) and translators (36%) are more likely to put in 40 or more hours per week, followed by software developers (36%) and illustrators (35%).

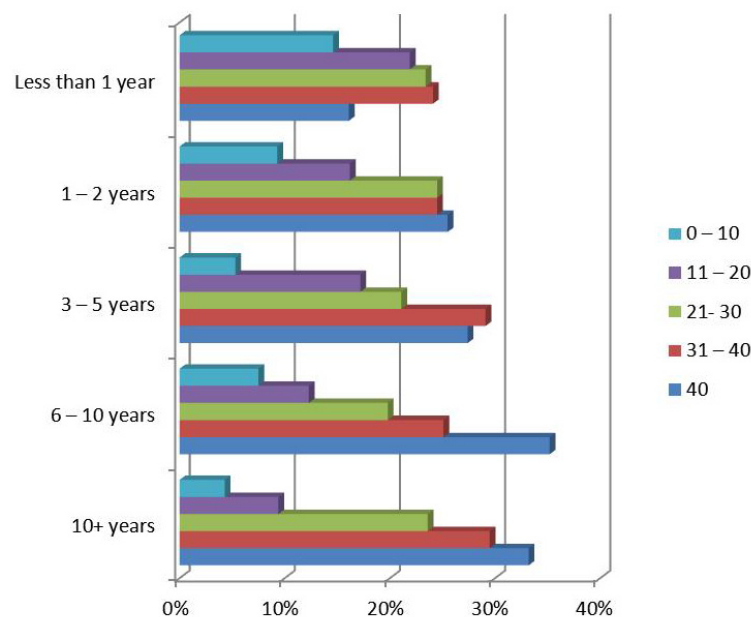




Perhaps most surprising, however, is the fact that freelancers in Australia (35%), South America (34%) and Europe (33%) are the most likely to work 40 or more hours per week, shattering the myth that people in these regions don't typically work long hours. That's considerably higher than their North American (29%) and Asian (25%) counterparts—workers in regions of the world that are typically associated with long workweeks. The graph below shows average hours worked every week by region.



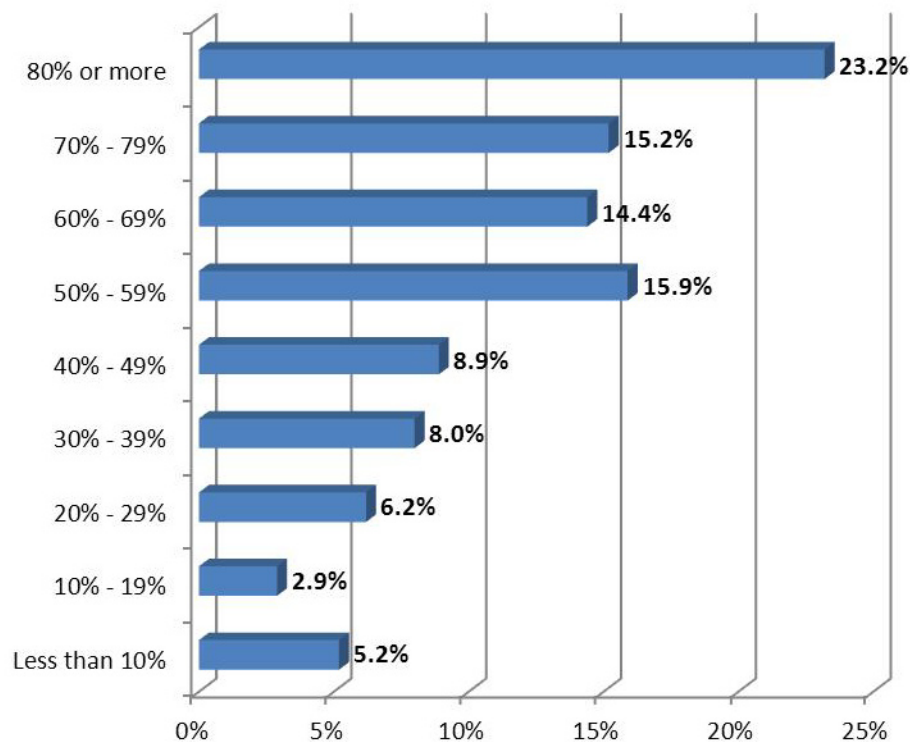
New or aspiring freelancers who are looking at self-employment as a way to gradually work fewer hours as they gain more experience may be surprised at the direct relationship between the average number of hours worked per week and the number of years freelancing. The graph below shows that the more experienced the freelancer, the more likely he or she is to work 40 or more hours per week.





Billable Hours as a Percentage of Total Work Hours

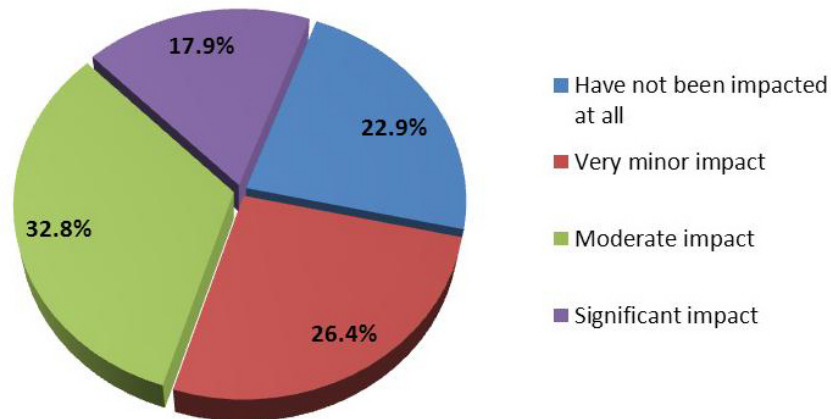
Of course, when you're a freelancer, working a lot of hours is not the goal. Rather, the goal is to increase your billable time—the percentage of your work time you can bill clients. Overall, freelancers do an excellent job of this. Specifically, 69% of freelancers spend more than half of their working hours on billable work. And 23% stay billable for 80% or more of their time—a significant increase from last year (18%).





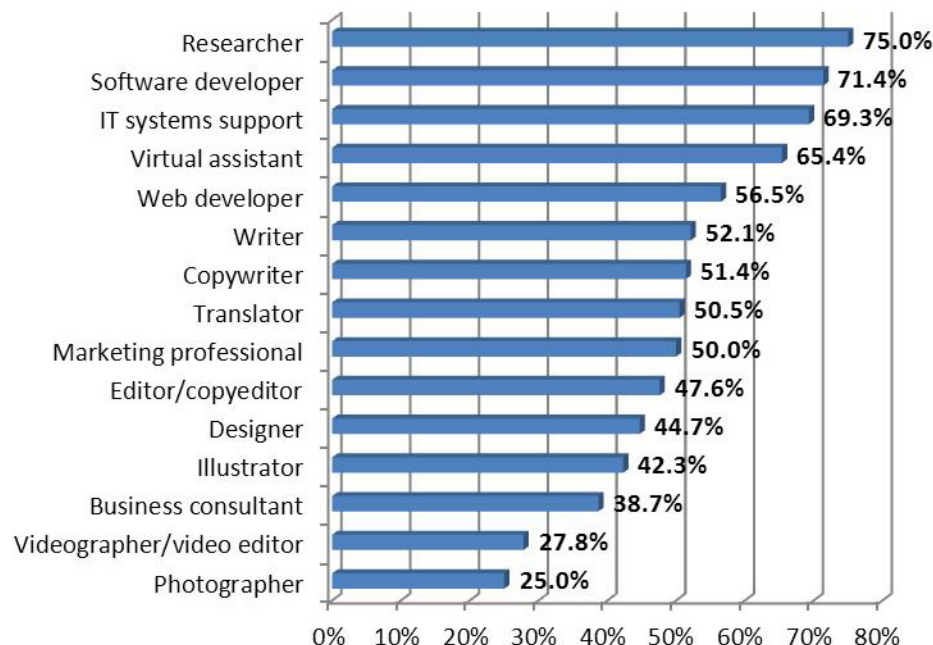
Impact of Economic Downturn on Freelance Businesses and the Outlook Over the Next Year

It's encouraging to see that almost half (49%) of the freelancers surveyed either have not been impacted by the economy or have felt only a very minor impact. Only 18% said that the impact of the economic downturn on their business has been significant.



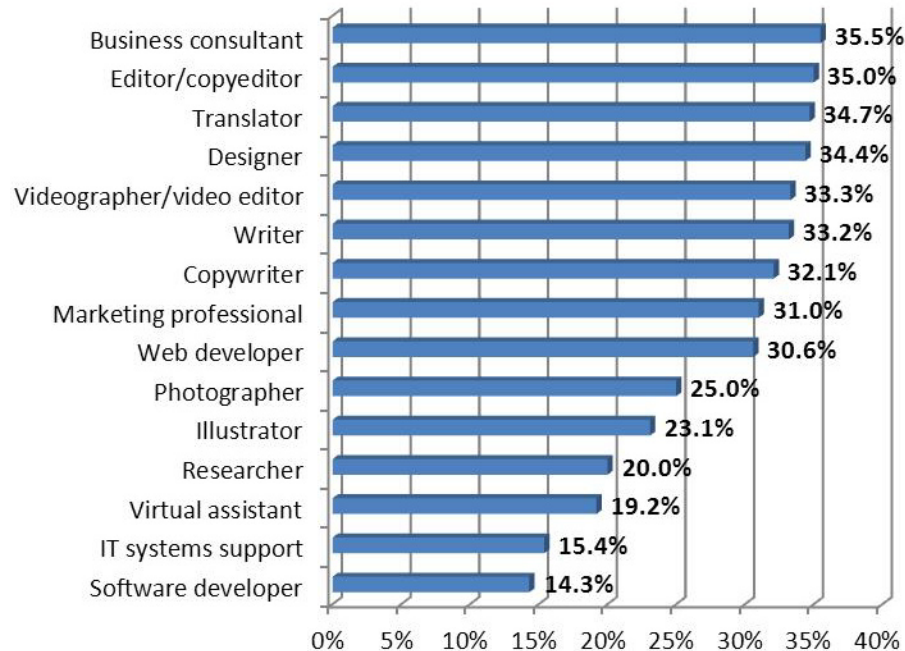
The biggest negative impact has been felt by photographers (50%), videographers (39%) and illustrators (35%). Researchers (75%), software developers (71%) and IT systems support pros (69%) seem to be the least affected.

Minor to No Impact

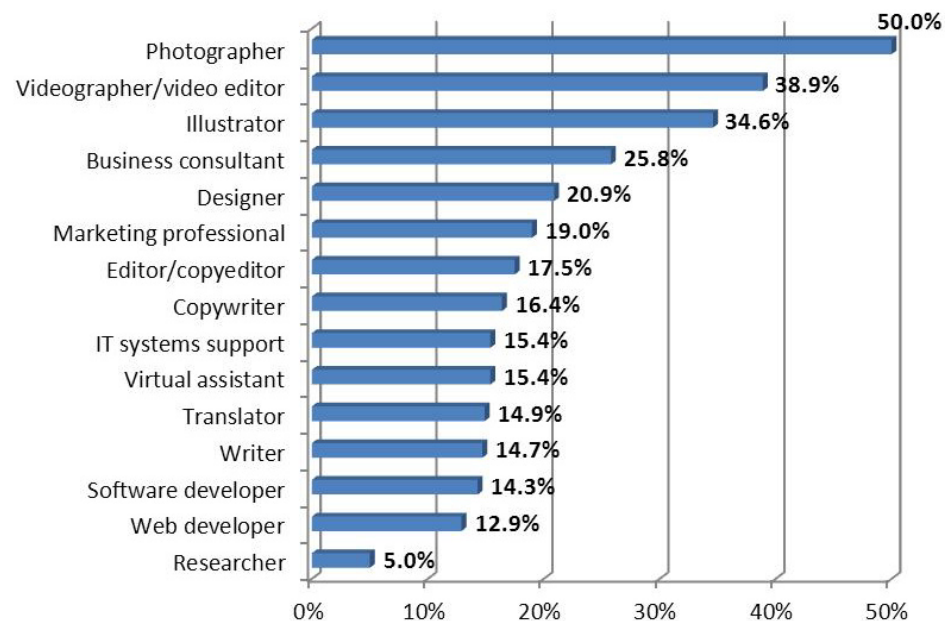




Moderate Impact



Significant Impact



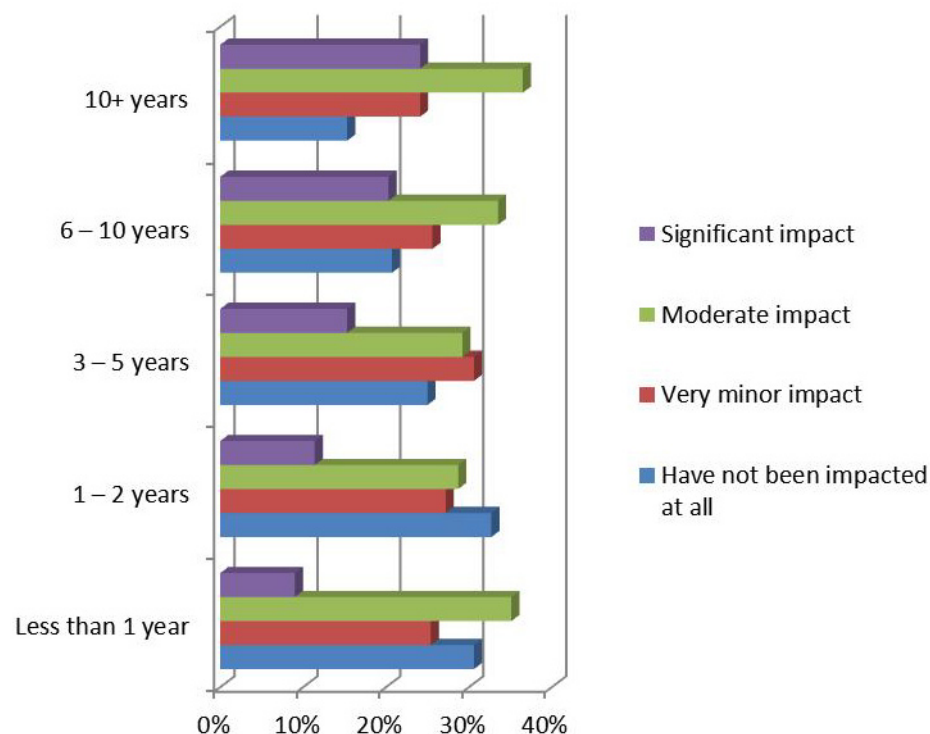


Impact, by Experience Level

Just like in 2011, there was an inverse relationship between a freelancer's experience level and the impact of the economic downturn on his or her business. The graph below shows that the more seasoned the freelancer, the more he or she has been impacted by the economic downturn.

This relationship appears counterintuitive on the surface. However, one hypothesis could be that more experienced freelancers tend to stop or slow down their marketing efforts altogether as they get more deeply entrenched with one or two clients. This strategy works well in a healthy economy, but when conditions deteriorate, many are left without a viable prospect pipeline.

On the other end of the experience spectrum, one possibility why newer freelancers are not experiencing the negative impact affecting their more seasoned peers is that many of them are choosing to take on lower-paying work or to be much more flexible with their terms and/or the quality of the work they accept.

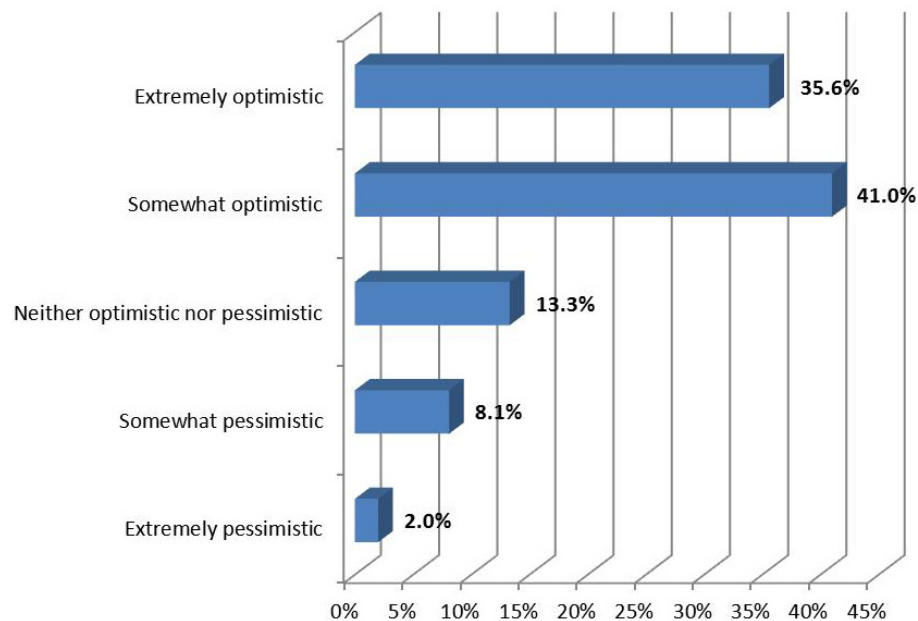




Business Outlook for the Next 12 Months

The evening news may be filled with doom and gloom, but freelancers seem to be very optimistic about their business prospects over the next 12 months. The graph below shows that fully 77% of respondents said that they are optimistic about what lies ahead. And 36% even said they are "extremely optimistic."

Continued corporate downsizing, record increases in outsourcing and organizations' needs to do more with less are probably the biggest drivers of this optimism. Freelancers recognize that they are ideally positioned to thrive in a down economy. They may be having a difficult time finding clients, but they seem to also recognize that the clients are certainly out there and have budgeted projects that need to be completed.

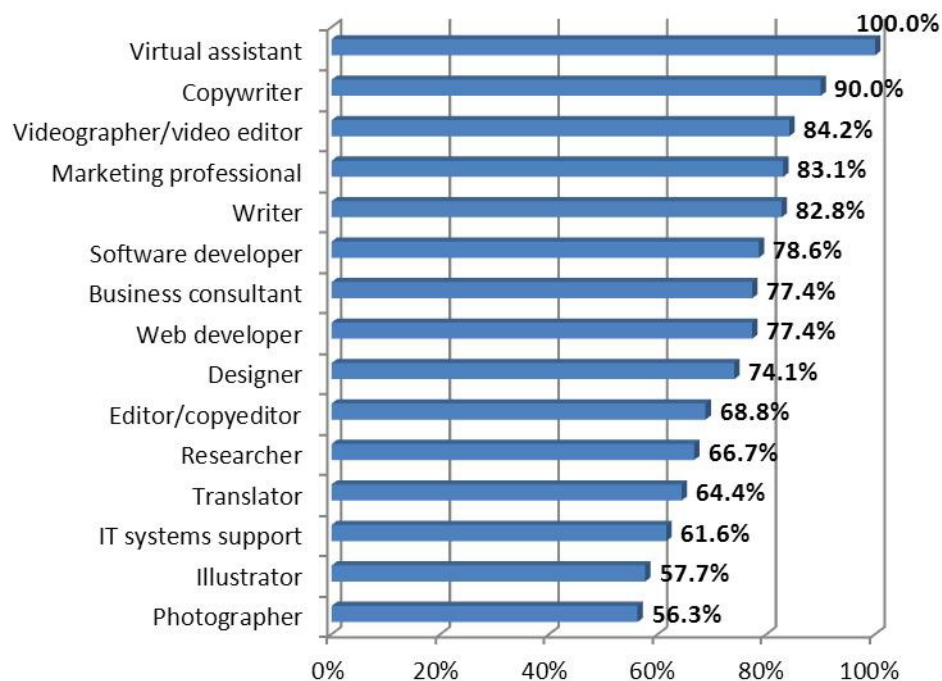




Business Outlook by Profession

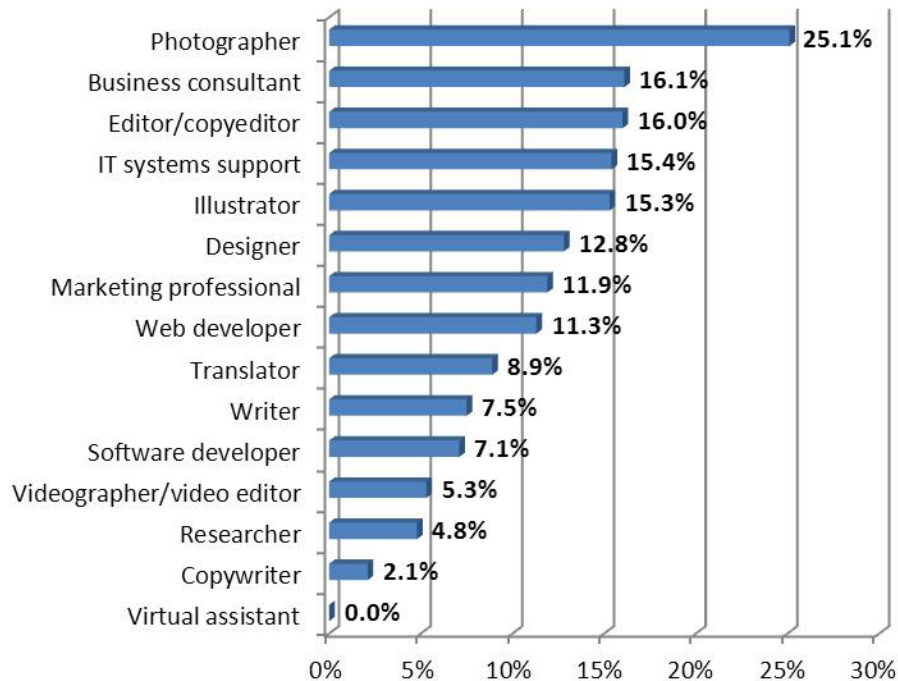
All virtual assistants who responded said they're optimistic about their business over the next 12 months. So did 90% of copywriters, 84% of videographers and 83% of marketing professionals. On the other end, photographers (25%) were the most likely to feel pessimistic about their business prospects, followed by business consultants (16%), editors (16%) and IT systems support pros (15%).

Optimistic

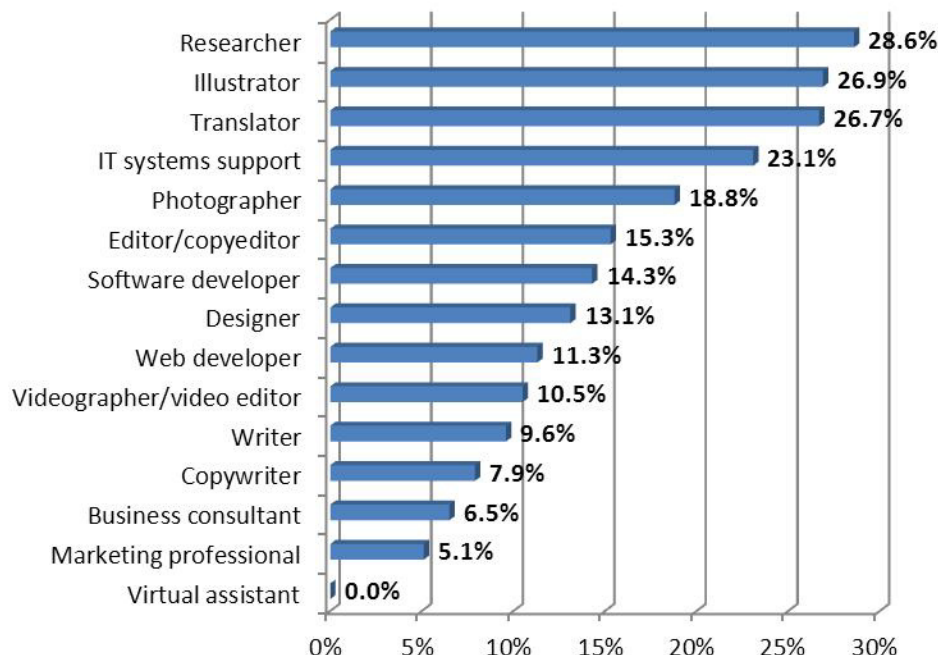




Pessimistic



Neither Optimistic nor Pessimistic

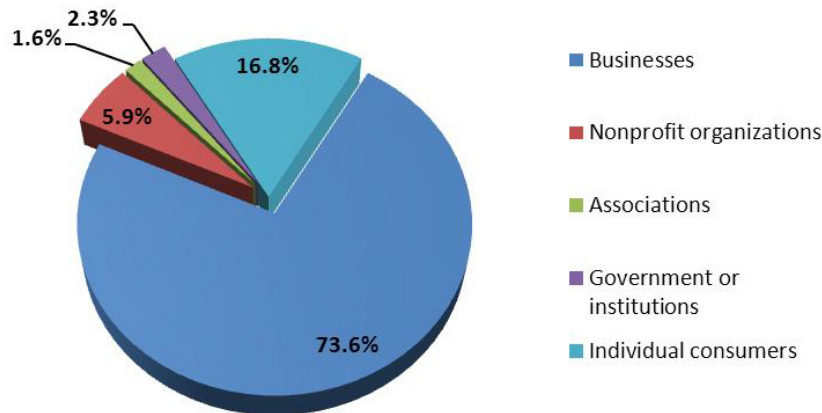




How Freelancers Get Clients

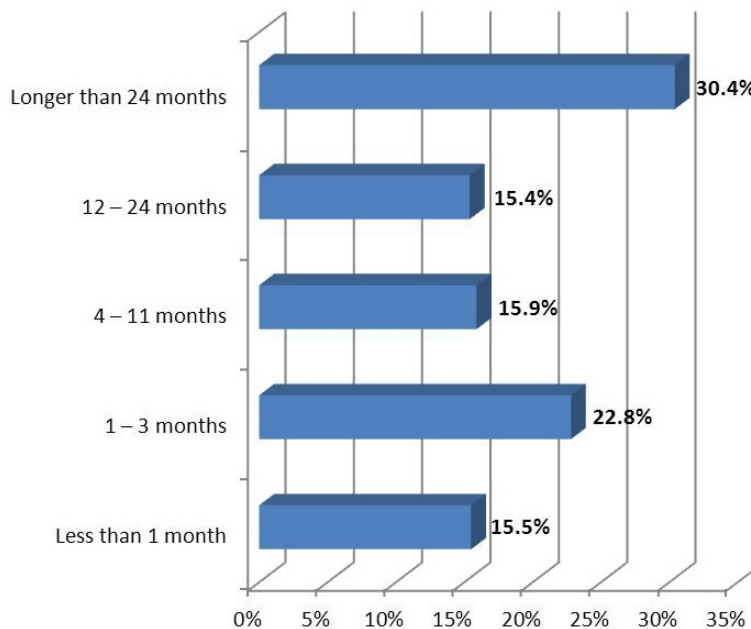
Types of Clients

When it comes to clients, the overwhelming majority of freelancers surveyed (74%) go after businesses. However, 17% work mainly for individual consumers, 6% work for nonprofits, 2% pursue government work and nearly 2% focus on associations.



Client Longevity

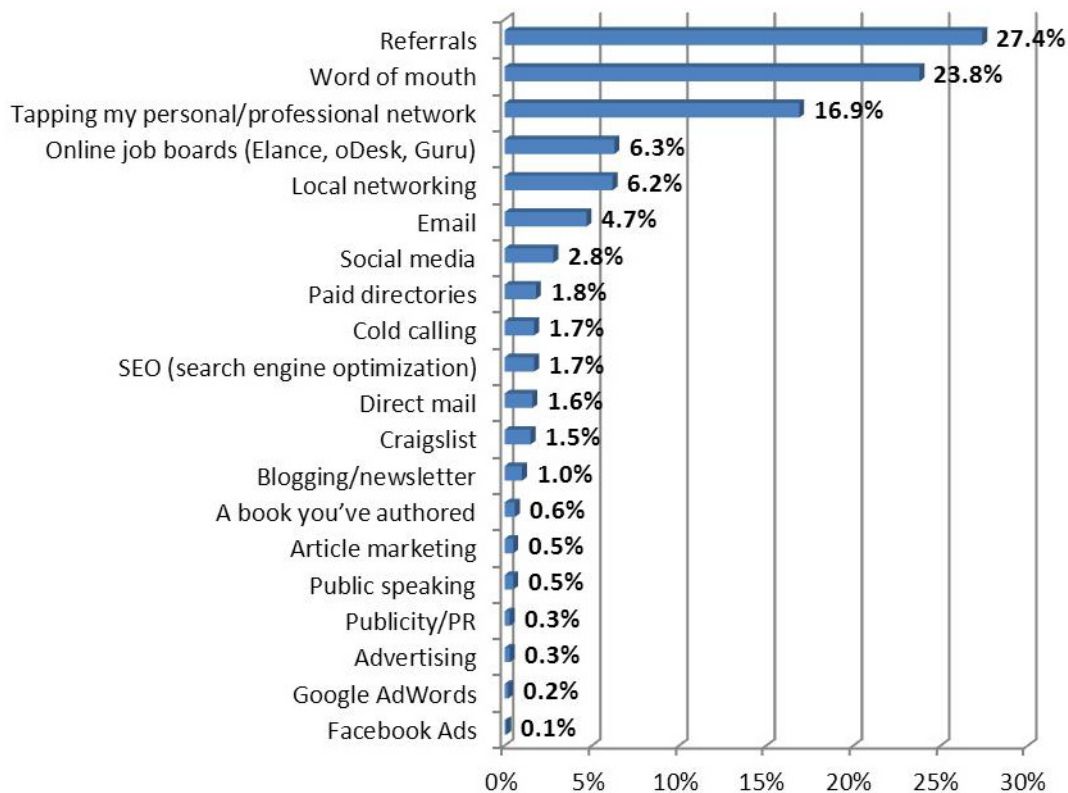
The graph below shows that a large number (46%) of freelancers typically work for a client for one year or longer. This is a notable improvement from last year, when 42% of respondents indicated the same level of client longevity. It's also a clear sign that solo professionals do great work and that client loyalty does indeed exist. In fact, 30% report that they often work with clients for two years or longer. At the same time, 38% of freelancers typically fill short-term needs and therefore work for a client for three months or less.





The Most Effective Methods for Finding and Landing Clients

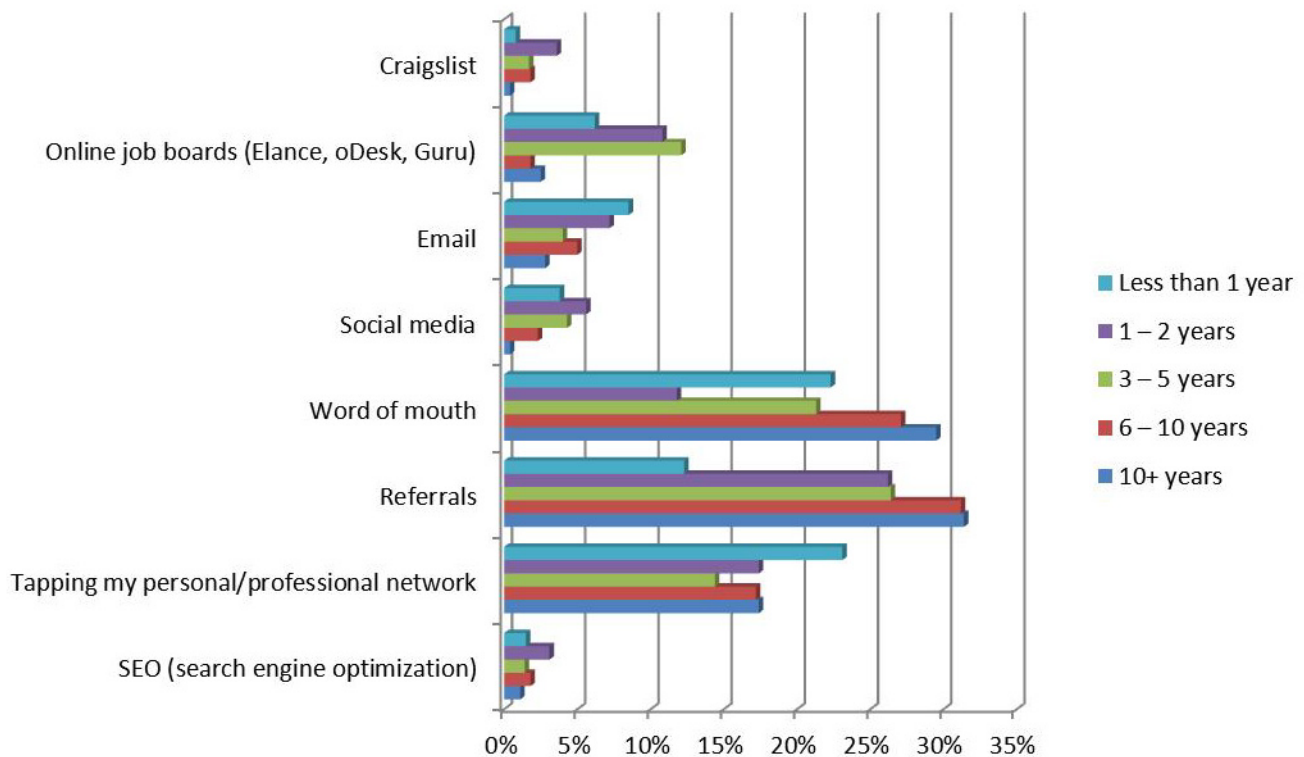
Referrals (27%), word of mouth (24%), and tapping their own personal and professional networks (17%) are by far freelancers' most effective methods for finding and landing clients. Online job boards (6%) such as Elance and oDesk, local networking (6%), email (5%), social media (3%) and more than 30 other sources were also mentioned as effective.





Prospecting Tactics by Experience

There is a direct relationship between a freelancer's experience and his or her use of "high touch" tactics such as referrals and word of mouth—more experienced freelancers are more likely to rely on these more personal approaches to drum up business. The only exception was "tapping my personal/professional network." New freelancers are relying more on their networks for potential clients than are their more seasoned colleagues.



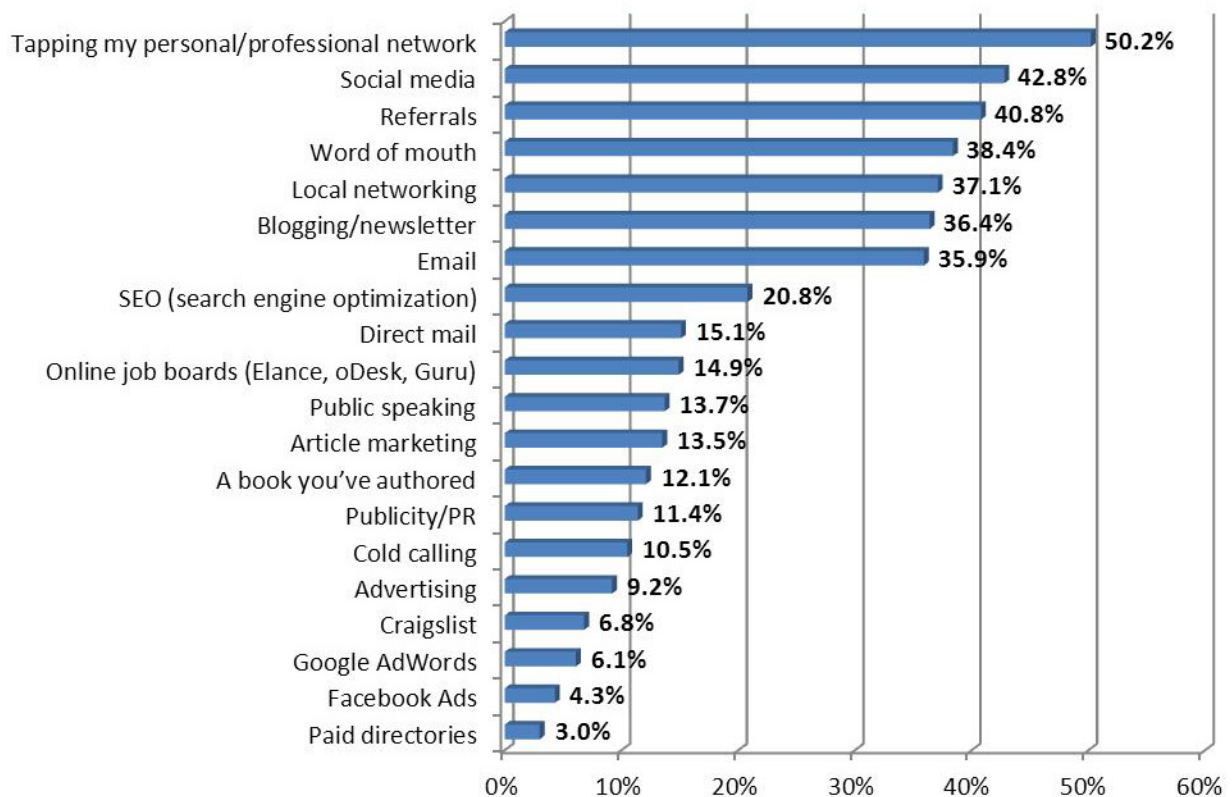


Marketing Plans for the Next Year

When asked which marketing methods they were planning on spending more time and resources on over the next year, tapping into their own personal/professional networks (50%) took the top spot this year (social media was the top answer last year with 46% of the response).

The marketing tactic with the biggest jump from last year's "plan to use" list was SEO, which was the top planned method for 12% of respondents in 2011, compared to 21% of those surveyed this year.

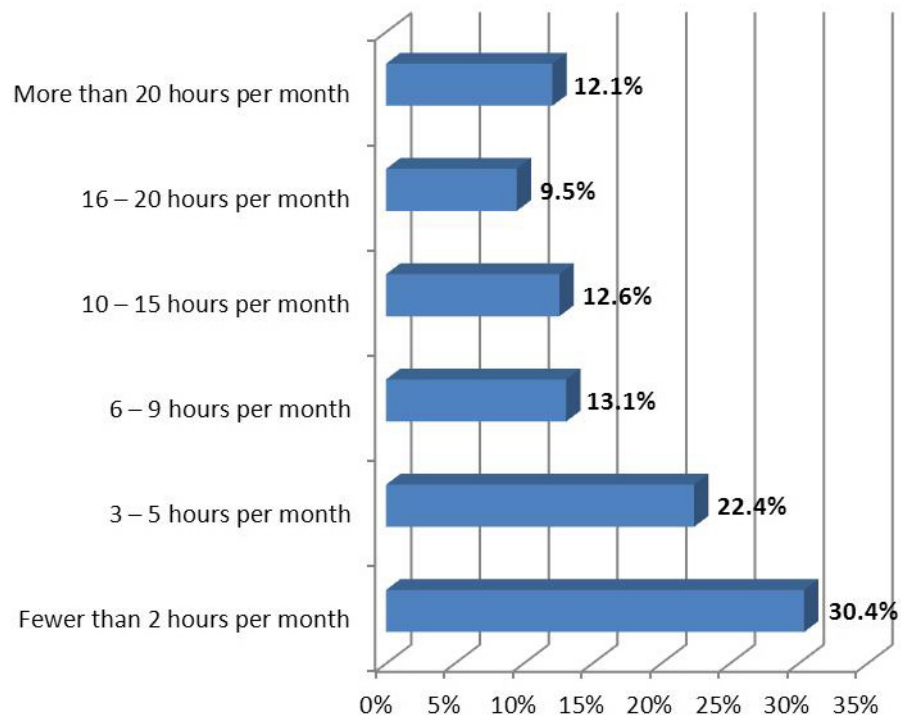
The marketing tactics that experienced the biggest loss in popularity are blogging/newsletter (42% in 2011 vs. 36% in 2012), online job boards (18% in 2011 vs. 15% in 2012), article marketing (17% in 2011 vs. 14% in 2012), direct mail (17% in 2011 vs. 15% in 2012) and authoring a book (14% in 2011 vs. 12% in 2012).





Hours Devoted to Self-Promotion

Most freelancers (53%) spend five hours or less per month on self-promotion. Considering that finding clients is the biggest challenge most freelancers face today, there seems to be a disconnect between the severity of the challenge and the time spent on this critical activity.



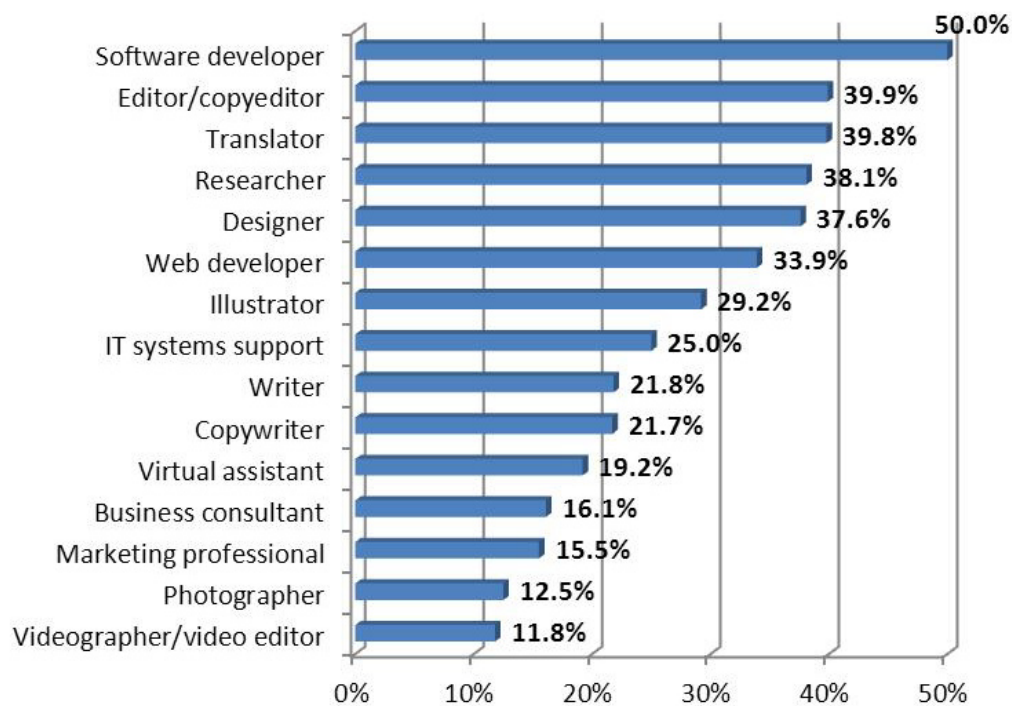


How Much Time Each Profession Spends on Self-Promotion

Software developers (50%) are more likely to spend less time prospecting than are their peers in other fields. However, editors (40%), translators (40%), researchers (38%) and designers (38%) are also more likely to budget fewer than two hours per month for this activity. On the other end of the spectrum, photographers (44%) are by far the most likely to spend more than 20 hours per month marketing their services, followed by business consultants (29%), copywriters (17%), marketing professionals (15%) and writers (14%).

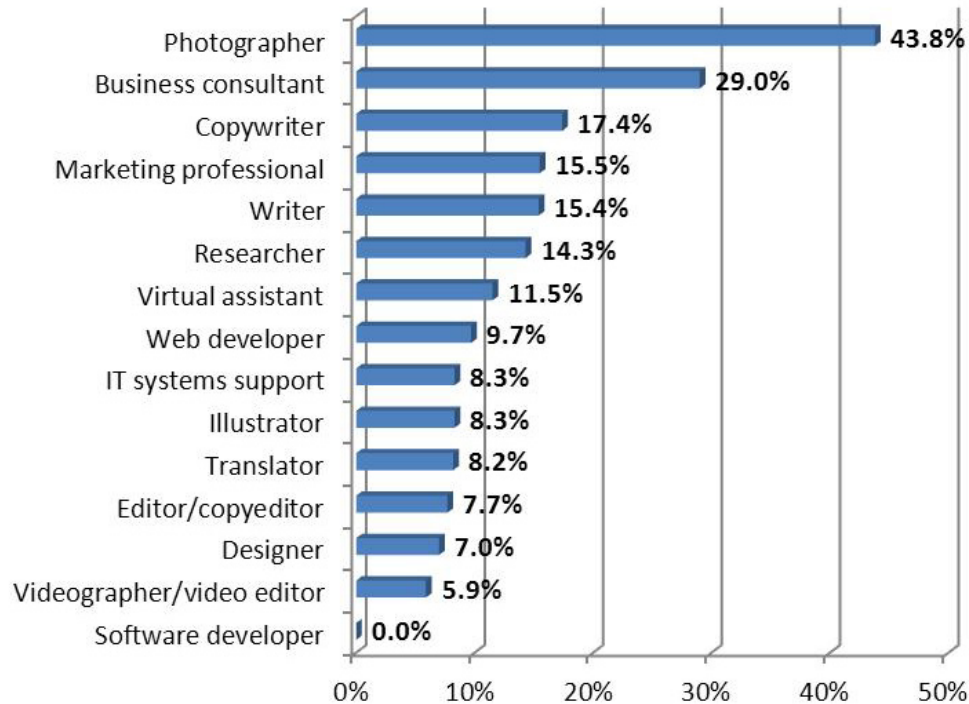
It's interesting to note that photographers have been the hardest hit group in this survey, in terms of the global economic downturn. They are also the most concerned about their business outlook over the next 12 months, which may explain why they are so committed to turning things around by spending more time marketing their businesses.

Fewer than 2 hours per month





More than 20 hours per month



Impact of Self-Promotion on Hourly Rates

When it comes to time spent prospecting for clients, the most revealing finding is the direct correlation between prospecting and hourly rates. Only 28% of freelancers who spent less than two hours per week prospecting earned \$70 or more per hour. Conversely, 41% of those who spent 20 or more hours per month prospecting earned \$70+ per hour. This is an important correlation because it points to the impact of self-promotion on a freelancer's value in the marketplace, not just his or her ability to book a steady stream of work.

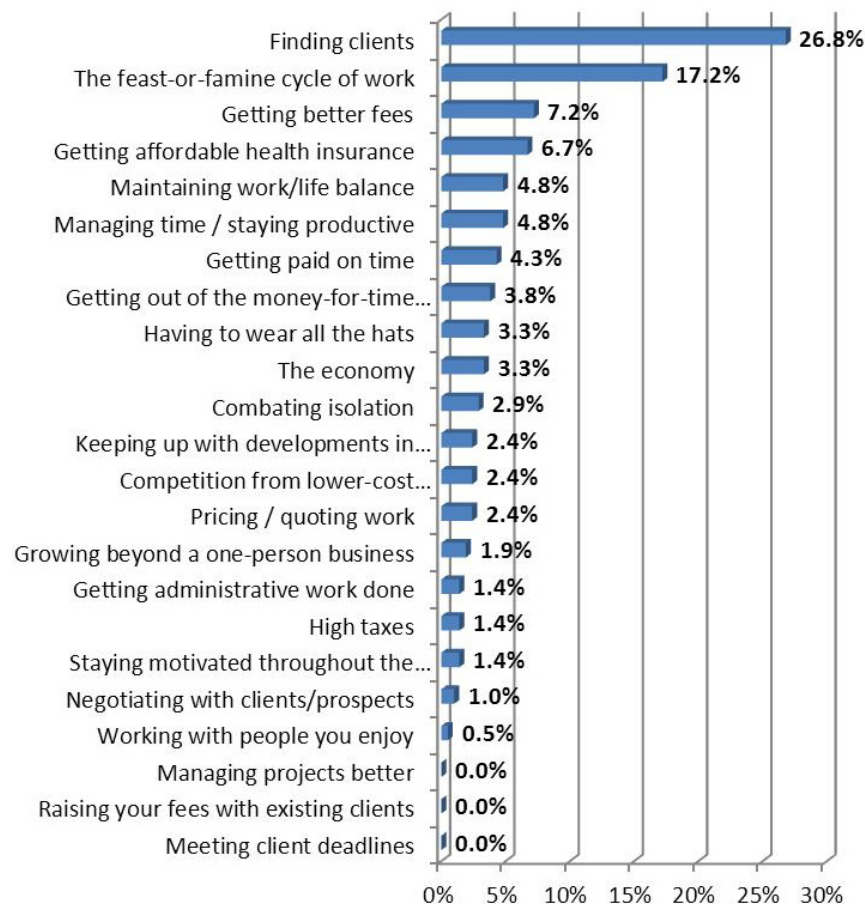


"Accidental" Freelancers—How Do They Feel About Self-Employment?

Top Challenges for Displaced Workers

Since the Great Recession began, millions of displaced workers have given up their job search in favor of launching a solo service business. In fact, according to a recent report by the Kauffman Foundation, more Americans have launched businesses recently than at any period in the past decade and a half. A staggering 543,000 Americans started a business *every month* in 2011.⁵ And in many cases, these were not planned ventures but rather the result of necessity or a desire to make the best of a difficult situation.

How are these newer "accidental" freelancers doing? Finding clients is a much higher concern (26%) than it is for freelancers who perhaps had more time to plan their escape from a traditional career (21%). However, compared to 2011, when 36% of accidental freelancers cited "getting clients" as a top challenge, this is certainly an improvement. At the same time, breaking out of the feast-or-famine cycle is a greater problem for this group this year (17%) than it was in 2011 (14%).

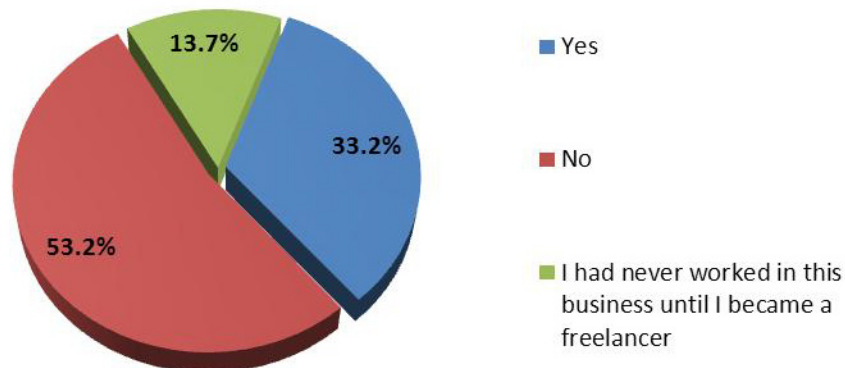


⁵ Fairlie, Robert W. "Kauffman Index of Entrepreneurial Activity: 1996 - 2011." March 2012. <http://www.kauffman.org/research-and-policy/kauffman-index-of-entrepreneurial-activity.aspx>



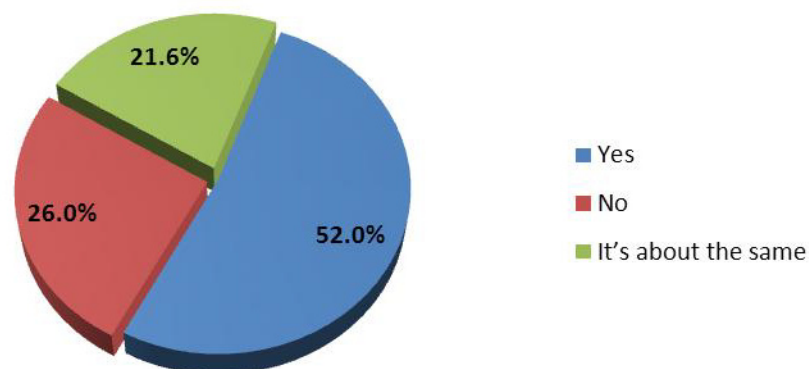
Earning More as a Freelancer?

For accidental freelancers, matching the earnings they were used to in their previous jobs can also be a bit more difficult at first. Since going solo, 33% of accidental freelancers are earning more than they did as employees, but 53% are earning less. And 14% are freelancing in a profession they didn't practice as employees.



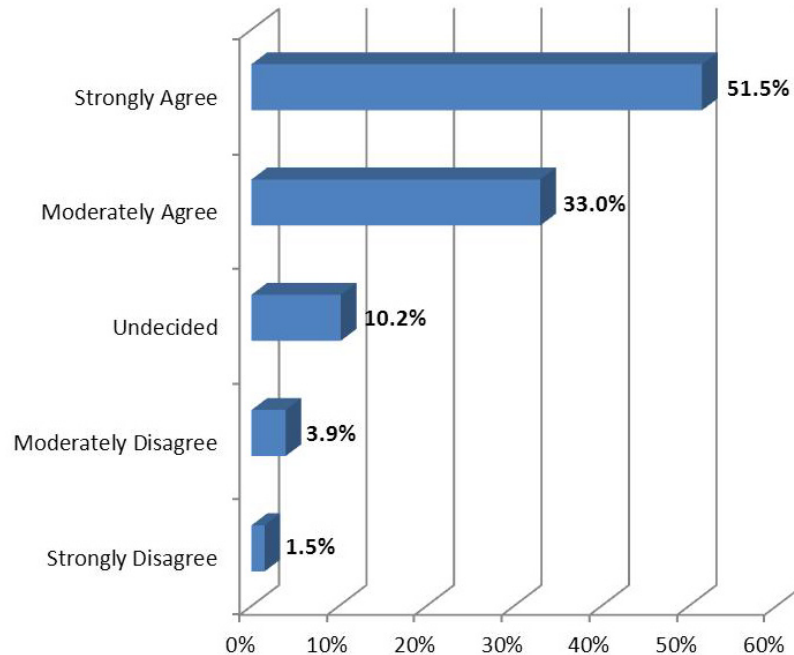
More Free Time as a Freelancer?

However, there is a silver lining. Most (52%) accidental freelancers have more free time now than they did as employees. And 85% either strongly agree or moderately agree that they are happier now than they were before becoming a freelancer.

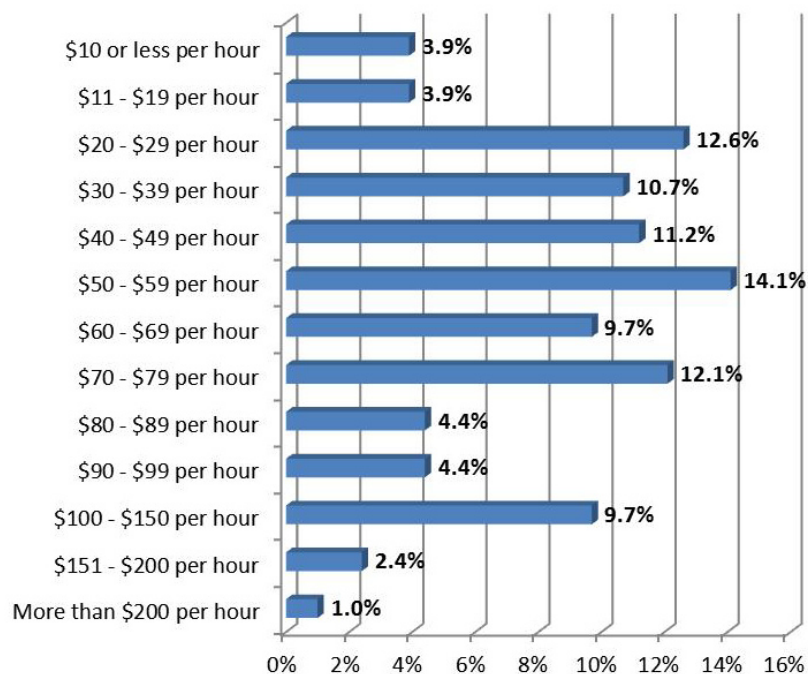




Happier Since Going Solo?



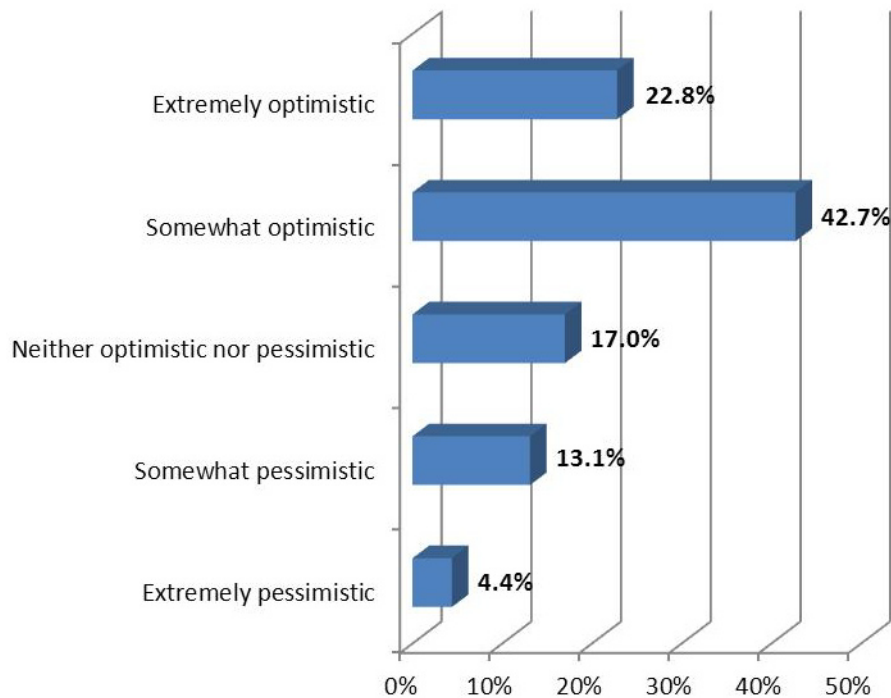
Furthermore, 34% of accidental freelancers earn \$70 or more per hour—a comfortable range by all measures.





Business Outlook Over the Next 12 Months

Accidental freelancers are also very optimistic about their business prospects over the coming year, with 66% saying that they are either extremely optimistic or somewhat optimistic about what lies ahead. It should be noted, however, that this is a significant drop from last year, when 74% responded with the same level of optimism.

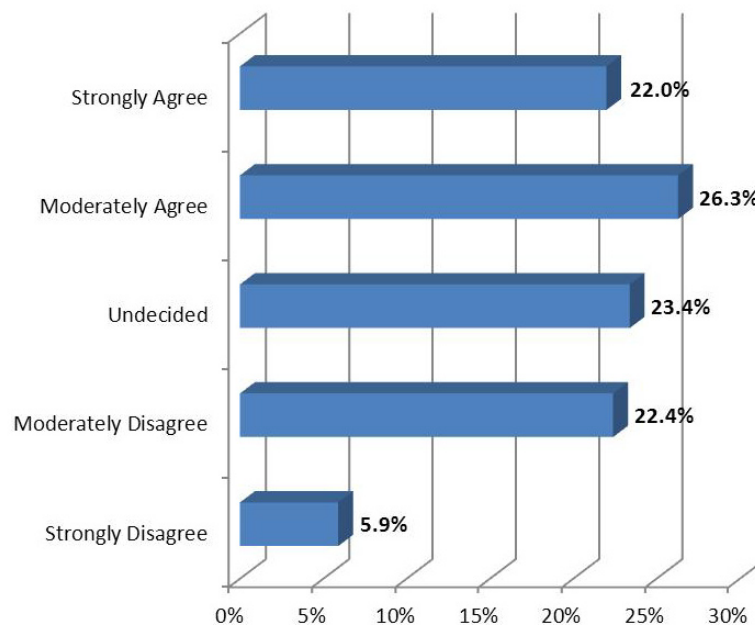


¹Williams, Alex. "Maybe It's Time for Plan C." *The New York Times*. August 12, 2011.



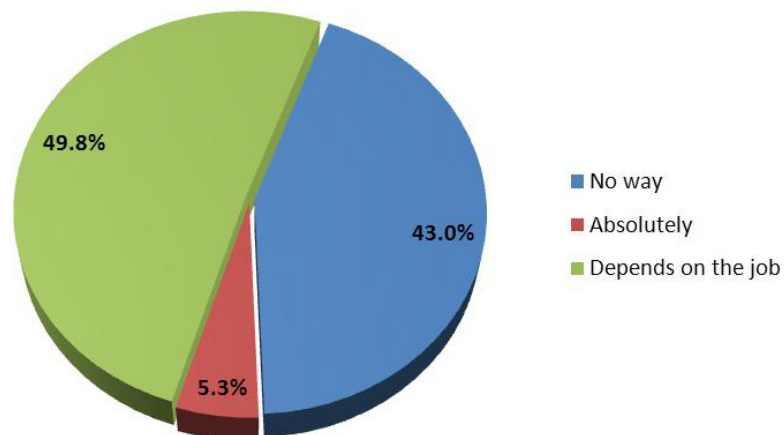
Feel More Secure as a Freelancer vs. an Employee?

Displaced workers certainly understand the inherent risks of being self-employed. However, most seem to also understand that taking control of their future by going solo can bring even more security. That's why 48% either strongly agree or moderately agree that they feel more secure working for themselves than they did working for an employer (another drop from 2011, when 52% responded with the same sentiment).



Go Back to Being an Employee?

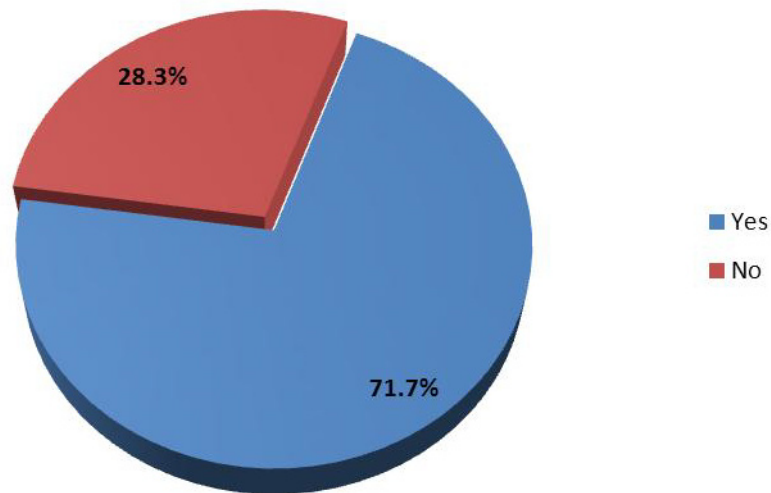
Despite their enthusiasm for freelancing, 55% of accidental freelancers said that they would either definitely go back to traditional employment or at least consider it should the right opportunity come along. That's considerably higher than last year's response, when only 47% responded in the same manner. It's also a stark contrast with the attitudes of their freelance peers who planned to be freelancers all along, of whom only 38% would consider giving up freelancing for the right full-time day job.





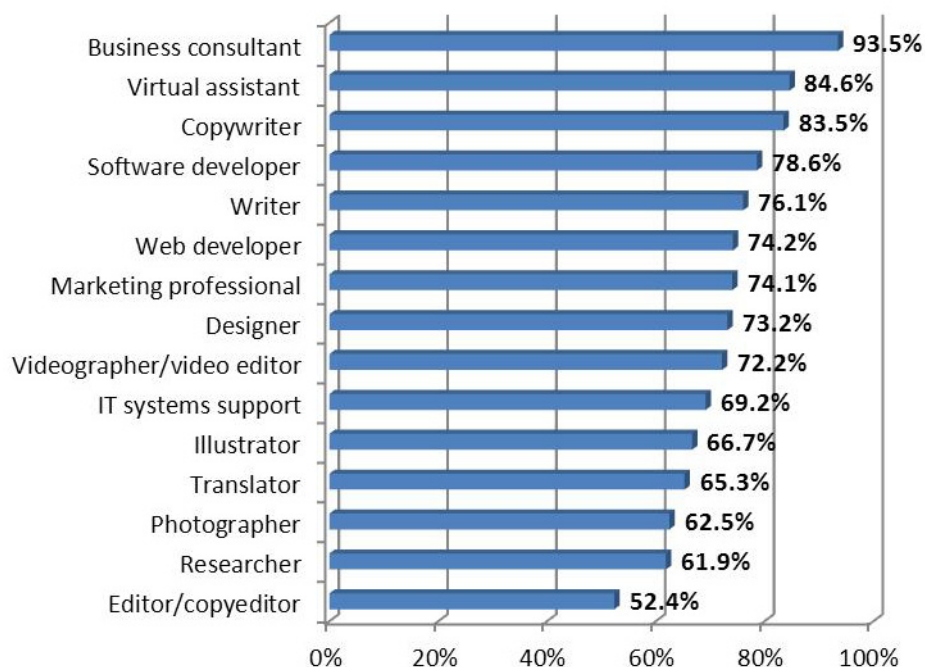
Are Freelancers “Entrepreneurs”?

This year we asked freelancers whether or not they considered themselves to be entrepreneurs. The response was surprising: 72% said “Yes.”



Drilling down by profession, business consultants (94%), virtual assistants (85%) and copywriters (84%) were the most likely to view themselves as entrepreneurs. Editors (52%), researchers (62%) and photographers (63%) were the least likely to view themselves as entrepreneurial.

Consider themselves entrepreneurs

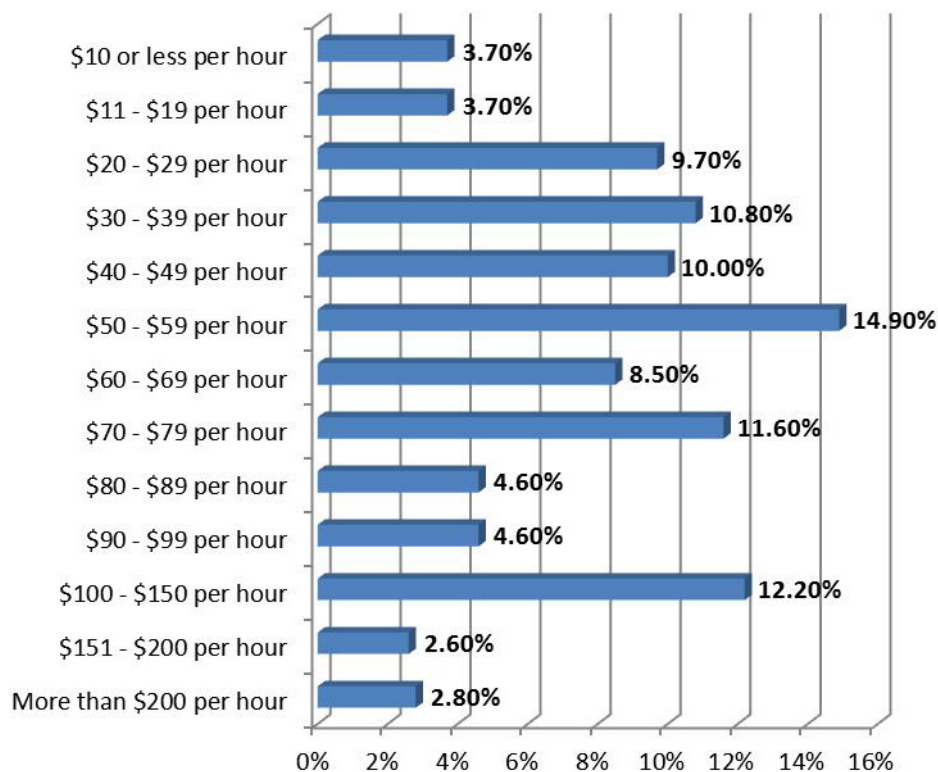




Entrepreneurial Freelancers Are Happier *and* Earn Higher Rates

We also wanted to see how having an entrepreneurial mindset impacted a freelancer's attitudes and business performance. When asked if they were happier overall since they started freelancing, 92% of entrepreneurial solos said "Yes." Conversely, only 86% of freelancers who did NOT consider themselves entrepreneurs felt the same way.

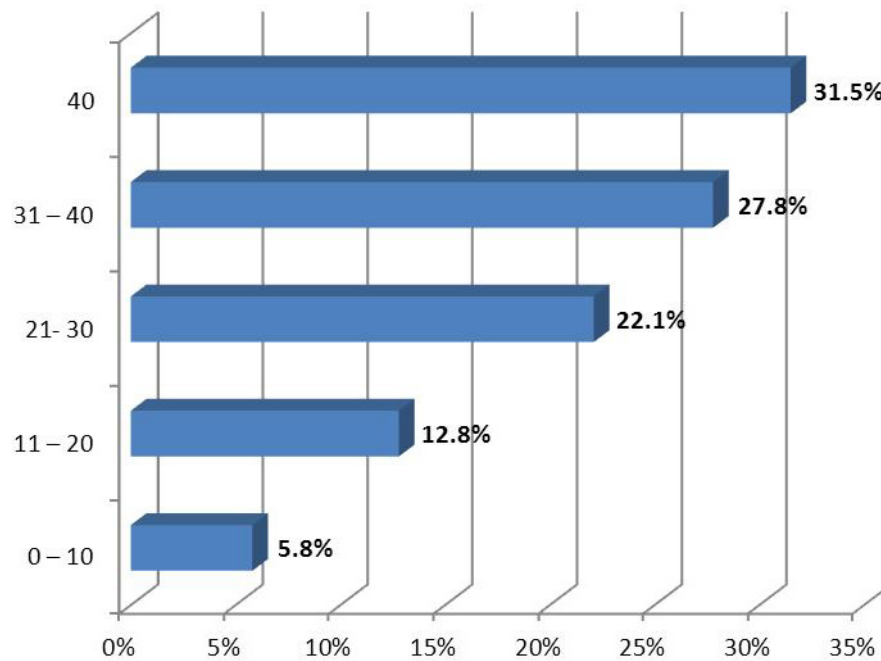
Furthermore, entrepreneurial freelancers tend to earn much higher hourly rates. As the graph below shows, 38% earn an average of \$70 or more per hour. That's almost twice the number (20%) of nonentrepreneurial freelancers who enjoy these higher rates.





Entrepreneurial Freelancers Work Longer Hours

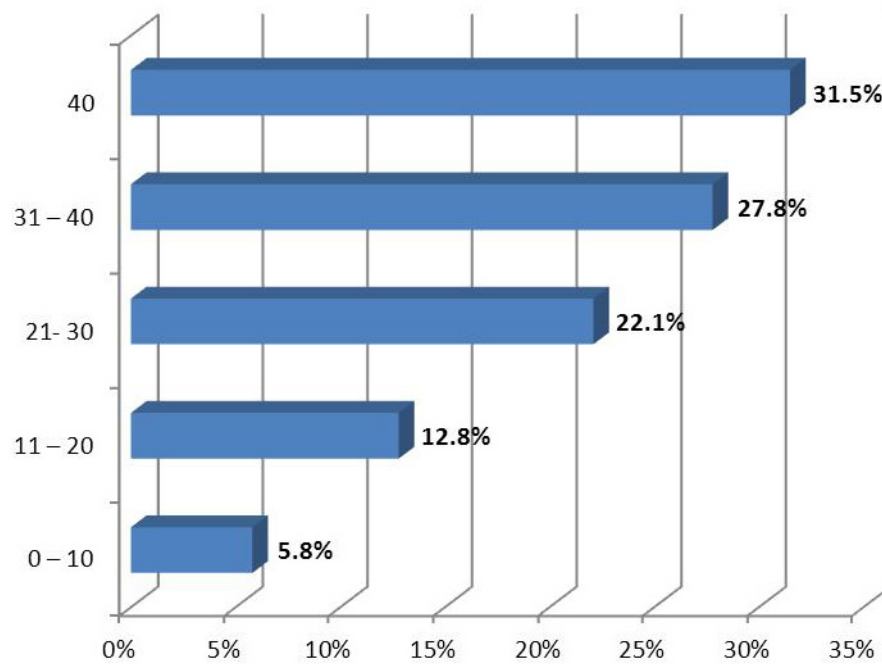
Entrepreneurial freelancers also tend to work longer hours. Nearly 32% work 40 or more hours per week, as opposed to 23% of their nonentrepreneurial peers. The chart below shows the average number of hours worked by entrepreneurial freelancers.





Entrepreneurial Freelancers Are Much More Optimistic

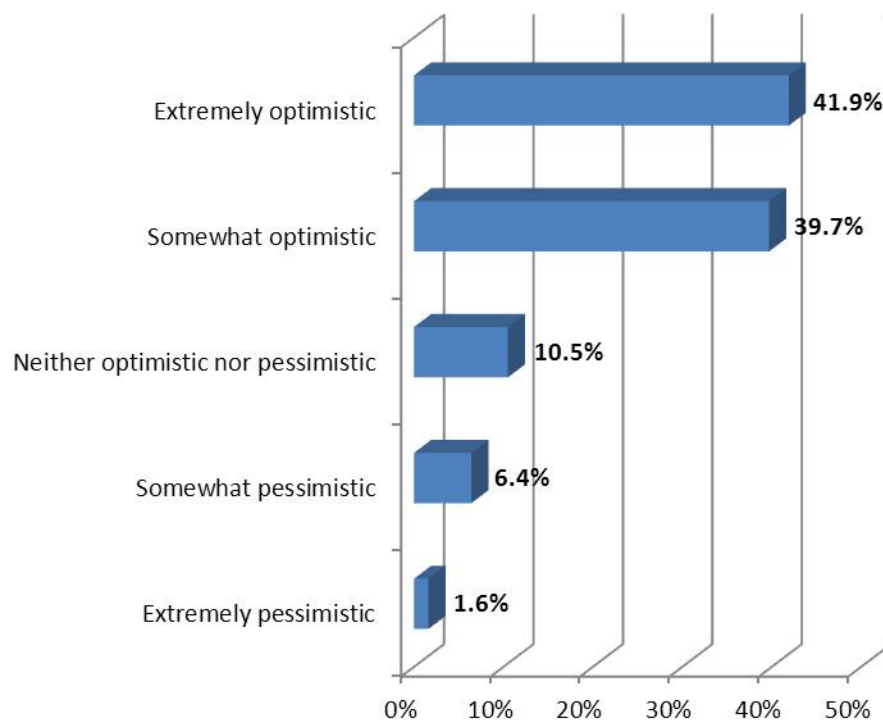
Entrepreneurs tend to be an optimistic bunch. So it's not surprising to see that entrepreneurial freelancers are much more likely to feel good about their business prospects over the next 12 months: 82% are either extremely optimistic or somewhat optimistic, compared to 65% of freelancers who do not consider themselves entrepreneurs.





Entrepreneurial Freelancers Prospect for Clients More Aggressively

Although they're optimistic, entrepreneurial freelancers seem to also understand that optimism alone doesn't generate clients. You have to consistently promote your services. And this they do very well. The graph below shows that 25% of entrepreneurially minded freelancers spend 16 or more hours per month (about 4+ hours per week) prospecting for clients. Only 13% of their nonentrepreneurial counterparts prospect for clients this aggressively.



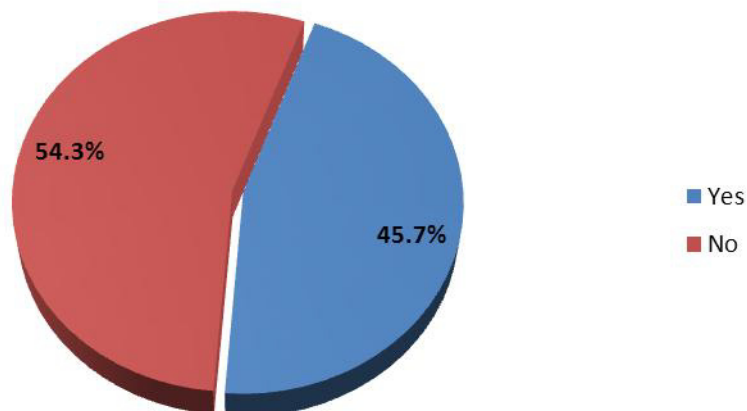


Entrepreneurial Freelancers Delegate and Outsource More Tasks

Not surprisingly, entrepreneurial freelancers are also much more likely to delegate or outsource tasks to others. In fact, 46% delegate or outsource some of their tasks either to employees, other self-employed professionals or other companies/firms. That's significantly higher than nonentrepreneurial freelancers: only 27% of them delegate or outsource some of their work.

One of the criticisms of freelancing and solopreneurship—and possibly one of the reasons why policymakers tend to ignore this critical segment of the labor force—is that solo businesses are not viewed as job creators. However, the fact that 46% of entrepreneurial freelancers (the biggest segment of the freelance population) outsource and/or delegate some of their tasks to others negates this assumption.

Solo professionals *do indeed* help spur economic activity by hiring others, even if the individuals they hire are independent workers themselves. The idea that a business can impact economic activity only by hiring traditional employees is outdated. Until government leaders understand and accept this, metrics such as unemployment and job growth will fail to gauge the true health of the labor market.





How the Information Was Gathered

To find participants for this survey, we used a combination of social media and email. We started by posting an update on Facebook announcing the survey and inviting freelancers in all professions to participate. We reposted the message on Facebook several times during the two-week period in which the survey was open.

We also announced the survey on Twitter with the following message: "Take the 2012 Freelance Industry Survey (participants get free copy)." Both the tweet and the Facebook updates included a link to the survey. The message was retweeted hundreds of times by freelancers and other self-employed professionals. Word quickly spread on Facebook, LinkedIn and other social media sites.

Finally, approximately 15,000 freelancers were emailed and asked to take the survey. The survey was open for 13 days in mid- to late June 2012. When we closed the survey, 1,491 freelancers from around the world, encompassing more than 50 different professions, had participated.



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About Ed Gandia

Ed Gandia is a successful freelance copywriter, author, speaker and coach, and co-author of the bestselling and award-winning book *The Wealthy Freelancer: 12 Secrets to a Great Income and an Envious Lifestyle* (Penguin/Alpha).

He is a founding partner of International Freelancers Academy and the man behind International Freelancers Day, the world's biggest free online educational conference for solo professionals.

Ed's advice and insights have been featured on CNN Radio and CBS Radio News, and in *Inc.* magazine, *The Christian Science Monitor*, *The Atlanta Journal-Constitution*, *DM News*, *AirTran's Go* magazine and *The Writer*, among others.



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About International Freelancers Day

Join us on September 21, 2012...

for a FREE online conference like no other. You'll learn from 13 of the world's most respected professionals in the areas of freelancing, solopreneurship, marketing, social media and personal development. They'll reveal proven and actionable business-building ideas, insights, tactics and strategies that will help take your "business of one" to the next level.



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You'll also benefit from online networking opportunities with freelancers from around the globe. In fact, the live interaction that occurs every year is always one of the highest-rated aspects of the conference! Both attendees and speakers chat back and forth during and in between sessions, sharing ideas and insights, and even trading contact information.

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With many economists and thought leaders heralding the arrival of the freelance economy, there's never been a better time to celebrate freelancers and solo professionals.

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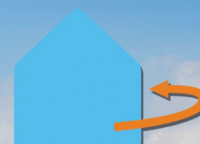
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